

In line with the SC’s objective towards developing forward-looking policies that support the future of the Malaysian capital market, the SC is collaborating with Khazanah Nasional to explore the issuance of a tokenised bond or sukuk. This endeavour will allow both parties to delve into the functions and utility of tokenisation, ranging from the use of smart contracts to custodial arrangements, consequently deepening understanding on the benefits and the risks involved with blockchain technology.

Digital Investment Management and E-services platforms

Digital Investment Management

Launched in 2017, the digital investment management (DIM) framework has been instrumental in advancing robo-advisory services within Malaysia’s capital markets. By enabling both emerging and established digital investment managers to harness technology, the framework has fostered innovative, efficient methods for delivering personalised financial products and services according to investors’ risk appetite. This shift has increased accessibility for users, aligned with evolving investor demands for transparent and more cost-effective automated portfolio management services.

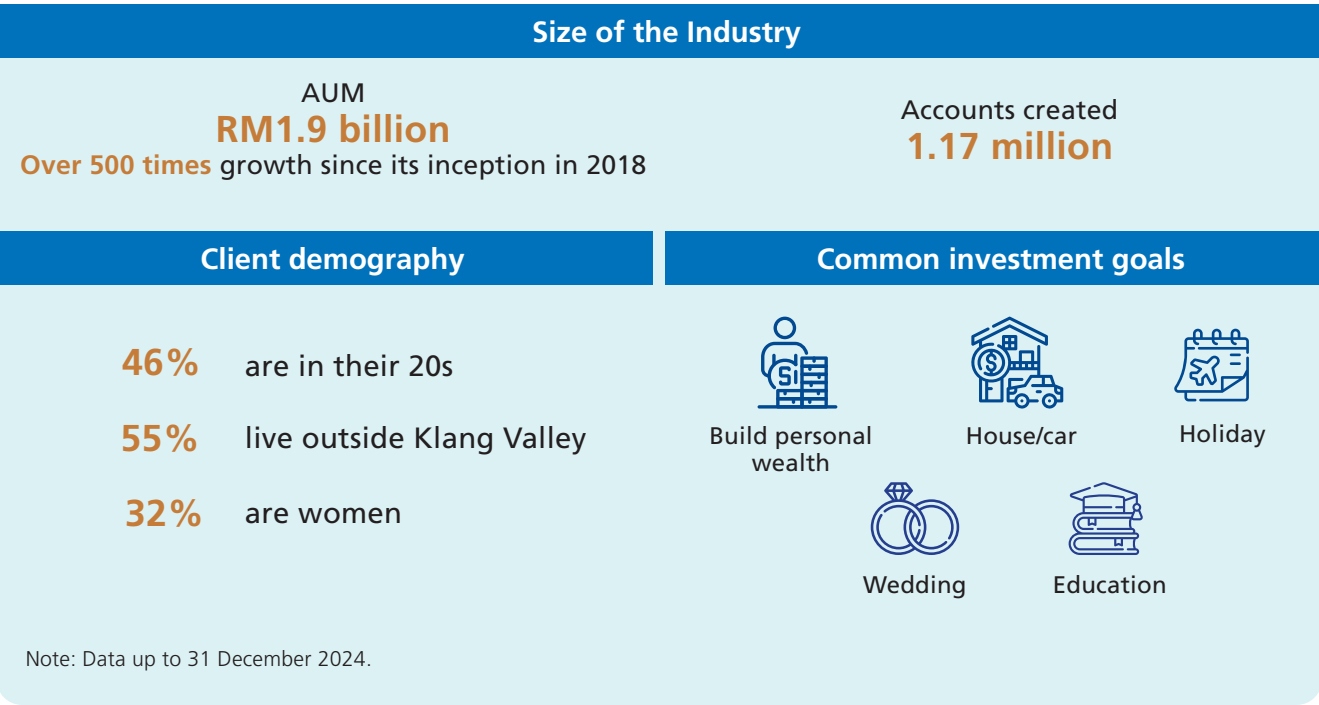
As of December 2024, DIM has grown over 500 times since December 2018 with total AUM, valued at RM1.9 billion.

E-Services Platform

The introduction of the e-services platform (e-SP) regulatory framework in 2017 has enabled digital platforms such as e-payment platforms, e-commerce platforms and e-wallets to partner with CMSL holders to distribute capital market products, thus providing additional investment channels for investors. Since its introduction, e-SPs facilitated the online distribution of 66 capital market products, providing further accessibility to investment opportunities for the benefit of investors. To date, the SC has registered six e-SPs.

As of December 2024, the cumulative value of subscriptions to capital market products distributed on e-SPs surpassed RM53 million, marking more than a twofold increase compared to December 2023. Notably, in 2024 alone, subscriptions of approximately RM33 million, accounting for 61% of the total subscriptions, were recorded.

FIGURE 1
Snapshot of DIM industry



SPECIAL FEATURE 3

SCxSC EXPANSION: DRIVING INNOVATION FOR A SUSTAINABLE CAPITAL MARKET

Since its inception, the Synergistic Collaboration by Securities Commission Malaysia (SCxSC) programme has been central to fostering innovation in the capital market. Underpinned by the accelerating pace of technology-driven innovation, there is a need for greater engagement with innovators to respond to these developments more effectively. Starting in 2023, SCxSC was expanded to foster focused collaboration with industry players and the broader ecosystem, enhance deeper understanding of new innovations at play, and gain valuable insights for policymaking.

The SCxSC aims to unlock potential of innovation to enhance the capital market, thus support the SC's strategic goals of fostering competitive economic growth, empowering investors, and shaping a more inclusive and sustainable stakeholder economy, as outlined in the CMP3. In 2024, SCxSC transitioned from an annual fintech conference to a series of targeted, thematic events aimed at specific outcomes. This shift reflects three core objectives:



The 2024 programme expanded into four key series, each addressing different aspects of capital market innovation:





Series of SCxSC programme implemented throughout 2024 on key innovation domains



The programme culminated in the SCxSC Fintech Summit, the SC's flagship fintech conference from 1 to 2 October 2024. The event gathered around 1,000 attendees, bringing together financial professionals, policymakers, fintech communities and technologists from Malaysia and across the region.

With the theme 'Where Innovation Meets Purpose', the fintech summit featured thought leadership, innovation showcases and discussions on:

- AI's applications in various domains, including impact investing, RegTech, and business growth;
- Tokenisation and its growing role in capital markets and the potential of digital assets as a new asset class; and
- Innovation in Islamic finance with FIKRA ACE's pitching sessions spotlighting solutions designed to address the unique needs of Islamic capital markets.

During the SCxSC fintech summit, the SC announced the introduction of the Regulatory Sandbox; given the rapid emergence of innovative products and services that challenges the boundaries of our existing regulatory framework. This Regulatory Sandbox offers a controlled environment to explore new ideas that will benefit the capital market while maintaining focus on investor protection. This would supplement the SC's approach towards creating fit-for-purpose and forward-looking policies for the capital market.

SCxSC continues to underscore the SC's commitment to foster responsible, purpose-driven innovation. By facilitating meaningful dialogue between regulators, market players, and innovators, SCxSC remains pivotal in shaping a capital market ecosystem that is resilient, forward-thinking, and primed for sustainable growth in the digital era.