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ABDUL AZIZ  
MINISTER OF FINANCE MALAYSIA**

**CAPITAL MARKET MASTER PLAN 3 (CMP3) LAUNCH  
KEYNOTE ADDRESS**

**SECURITIES COMMISSION MALAYSIA**

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**DATE : 21<sup>st</sup> SEPTEMBER 2021**  
**TIME : 10.15 AM**

## **SALUTATIONS**

Datuk Syed Zaid Albar, Chairman of Securities Commission Malaysia

Distinguished guests, ladies and gentlemen

Assalamualaikum Warahmatullahi Wabarakatuh and a very good morning.

## **INTRODUCTION**

1. It is my pleasure to be here at the Securities Commission Malaysia's launch of the Capital Market Masterplan 3, or CMP3.
2. Over the past decade, the world has gone through various shifts – from major movements in global liquidity, mounting geopolitical tensions, to the exponential use and adoption of technology. An increased awareness of climate change, as well as the call to be good global citizens have also altered traditional industrial mindsets to adopt a longer-term view on the impact of business to the community. The decade started at the tail end of the Global Financial Crisis – and ended with a global pandemic that is still reverberating today.
3. Throughout the same period, our capital market continued to grow in both breadth and depth. By end of 2020, it grew by a compounded annual growth rate (CAGR) of 5.3% to RM3.4 trillion, underpinned by continuous fundraising activity in the equities and bond market. The market capitalisation of our listed companies has

also grown in tandem with the nation's economic progress and modernisation.

4. In terms of financial intermediation, the total assets under management (AUM) in the fund management industry has also increased two-fold, attributed by growing demand in the unit trust segment. This was further supported by policies introduced over the years which have led to an industry that is more inclusive and accessible today.
5. Besides growing in size, our capital market has also led the way in breaking new grounds, both regionally and globally. This has positioned us as one of the more promising capital markets amongst peers, particularly in terms of our own uniqueness and strengths.
6. A testament to this includes Malaysia being one of the pioneers in the region to introduce alternative fundraising avenues that caters to the Micro, Small and Medium Enterprises, or MSMEs - such as equity crowdfunding (ECF) and peer-to-peer financing (P2P).
7. Moreover, we have also reinforced our position as a prominent and innovative global hub for Islamic Finance. We have pioneered structures that are considered first in the world such as the green Sukuk and a fully digital issuance of a retail sukuk, namely Sukuk Prihatin, as well as the more recent Sovereign US Dollar Sustainability Sukuk.

8. This also led to the development of more shariah-based products such as the Environmental, Social and Governance (ESG) Sukuk funds, as well as other innovative fund-raising avenues that emphasises on social welfare such as the wakaf IPO. Complementing these include our resolution on Shariah-compliant digital assets.
9. All these milestones are backed by an agile approach towards regulation. We have constantly improved the regulatory framework to protect investors and preserve market integrity, which led to our corporate governance standards at par, or in some instances, better than international best practices. This has strengthened accountabilities by all stakeholders in our capital market.

## **MALAYSIA'S BACKDROP**

Ladies and gentlemen,

10. As we recover from the widespread impact of the COVID-19 pandemic, the path ahead for our nation remains challenging. The economic downturn has shown how it has disproportionately affected the people and several sectors of our economy.
11. Indeed, the economy has always been key in our National Recovery Plan (NRP) and soon, Budget 2022. In the immediate term, both aim to address the most affected sectors and households through targeted measures, while minimising long-term economic scarring.

12. This is supported by the National Fourth Industrial Revolution Policy (4IR), through the Malaysian Digital Economy Blueprint, which underscores how digitalisation and technological adoption are crucial to boost our economic prospects and resilience. Complementary to this is the on-going structural reforms over the medium term through the National Investment Aspirations (NIA) framework, as well as the PERKUKUH Pelaburan Rakyat initiative on GLICs/GLCs transformation.
13. Additionally, the Twelfth Malaysia Plan (2021-2025) which will be unveiled soon will provide a blueprint for sustainable growth, aimed at strengthening socio-economic inclusivity and environmental sustainability. All these policy initiatives are aligned with the country's longer-term development policy, the Shared Prosperity Vision 2030.

### **CMP3'S ASPIRATIONS**

Ladies and gentlemen,

14. The Capital Market Masterplan 3 fits well into the nation's aspirations as highlighted earlier. In supporting these policies, the capital market plays an important role as one of the key enablers for structural reforms to the economy.
15. It will also pave the way for the wider population to participate in the nation's growth by enabling more inclusive and accessible investment products and distribution channels. To this end, the increased use of technology by capital market participants to

become more innovative, efficient and diversified will also provide Malaysians with easier and better access to investment products, as well as more customer-friendly investing experience and more solutions catering to their needs.

16. Moreover, technology is also important in facilitating financing for local businesses – both MSMEs and large corporations – as part of our economic recovery agenda. This will aid them in moving up the value chain, adopt digital solutions, as well as provide meaningful employment.
17. Another important pillar of the capital market will be on how the financial ecosystem mobilises capital to early and growth stage firms. Public-private partnerships (PPP), such as co-investment structures, will expand and contribute to the development of our venture capital (VC) and private equity (PE) segments. This include providing expertise, and crowd-in of more private investments to enable our entrepreneurs to compete and improve their positioning both at the regional and international levels.
18. One good example is the Dana Penjana Nasional program. Following the successful investment in Carsome, they have also invested in another Unicorn, which is Xendit – a FinTech start-up which will relocate their financial hub to Malaysia. This is a testament of how an initiative such as Dana Penjana has spurred innovation and provided risk capital to nurture new businesses and start-ups in Malaysia.

19. As our nation recovers, it is important to ensure that growth is sufficiently diversified and all Malaysians are able to partake in, and enjoy that growth. This comes at a time where more people will have to rebuild and secure their retirement savings, especially as our nation shifts towards an ageing society.
20. This is where our capital market must play its role in achieving the objectives of the World Bank's five-pillar pension policy framework, which aims to protect the risk of poverty in old age, and address pension adequacy during retirement years. This entails further development and improvements to our existing voluntary privately-funded pension segment – the Private Retirement Scheme (PRS), in line with Pillar Three of the framework.
21. In the near future, the path towards growth will need to be sustainable – for our planet, its people, and to bring greater shared prosperity. In line with this, Malaysia is committed to accelerate the transition to a greener economy and promote socio-economic development of our nation.
22. As more businesses define their net-zero emission target, there will be a need for large investments to be directed towards carbon capture and energy efficient technologies to reduce greenhouse gases (GHG). As such, capital markets must play its role in mobilising capital to enable such transition. At the same time, corporates must adapt to embrace this agenda, or risk being left behind – not only by investors, but also by financial institutions and the broader supply chain which has increasingly emphasised on ESG.

23. Our strengths within the Islamic capital market segment will also complement the growing demand for such investments. Due to the commonalities between ESG and Shariah values, this gives us a unique value proposition to chart the path forward on sustainability and Islamic social finance.
24. Moving forward, in achieving more domestic and foreign investments, it is important to instil greater confidence in our capital market. In this respect, improvements in corporate governance standards will continue to shape the integrity of our corporates. This includes the emphasis towards greater accountability to stakeholders that goes beyond short-term profitability.
25. To this end, nothing short of a whole-of-nation approach is required. In addition to the regulators and the Government – corporate leaders, investors, advocacy groups and other stakeholders will need to step up their role in shaping the landscape of corporate accountability.

## **CLOSING REMARKS**

Ladies and gentlemen,

26. With the CMP3 as a medium to longer-term strategic guide for our capital market, I am confident that it will continue to play an important role in the Malaysian economy. I echo Datuk Syed's remarks that realising the vision of the CMP3 is a shared journey for all of us to undertake.



27. With that, this flags-off the next phase of development for the Malaysian capital market. I hereby launch the Capital Market Masterplan 3 – charting the path towards a capital market that is more inclusive, efficient and diversified.

Thank you.

Wabillahi taufiq wal hidayah. Wassalamualaikum wbt