



WELCOMING REMARKS BY DATO' SERI DR. AWANG ADEK HUSSIN
CHAIRMAN
SECURITIES COMMISSION MALAYSIA
WAQF AND ISLAMIC CAPITAL MARKET CONFERENCE
20 JULY 2023

Bismillahirrahmanirrahim,

Salutation/Introduction

Yang Berhormat Senator Dato' Setia Dr. Haji Mohd Na'im Bin Mokhtar, Menteri di
Jabatan Perdana Menteri (Hal Ehwal Agama)

Yang Berbahagia, Tan Sri Datuk Dr. Mohd Daud Bakar, Pemegang Anugerah Diraja
bagi Kewangan Islam 2022

Yang Berbahagia Tan Sri Haji Idris Jusoh, Mantan Pengerusi FELDA (jika hadir)

Kepimpinan Majlis Agama Islam Negeri-Negeri di Malaysia

Kepimpinan dan wakil-wakil industri pasaran modal Islam

Pakar-pakar kewangan Islam

Tokoh-tokoh akademik

Tuan-tuan dan puan-puan yang dihormati sekalian

Assalamualaikum warahmatullahi wabarakatuh dan salam sejahtera

1. Terlebih dahulu, kita panjatkan kesyukuran kehadiran Allah SWT kerana dengan izin-NYA, kita dapat bersama pada pagi ini, untuk menghadiri Persidangan Wakaf dan Pasaran Modal Islam di Suruhanjaya Sekuriti Malaysia (SC).
2. Buat julung kalinya, persidangan ini yang bertemakan 'Meneroka Potensi Wakaf Melalui Pasaran Modal Islam' dianjurkan sebagai platform untuk semua pihak berkepentingan membincang serta menerokai potensi Wakaf sebagai instrumen kewangan sosial utama di Malaysia.
3. Usaha ini adalah selaras dengan hasrat SC untuk menggalakkan jalinan kerjasama, perkongsian pengetahuan serta perbincangan idea dalam usaha menggerakkan pembangunan Wakaf yang lebih tersusun dan terancang. Ini kerana pasaran modal Islam dijangka boleh memainkan peranan sebagai peneraju sumber dana untuk mewujudkan ekosistem waqaf yang lebih kondusif dan menyeluruh.
4. Di sini, saya ingin merakamkan ucapan terima kasih dan penghargaan kepada Yang Berhormat Senator Dato' Setia Dr. Haji Mohd Na'im Bin Mokhtar, Menteri di Jabatan Perdana Menteri (Hal Ehwal Agama) diatas kesudian beliau meluangkan masa untuk bersama-sama kita pada hari ini, dan seterusnya menyampaikan ucap tama 'Keynote Address' sebentar lagi, sebagai pemangkin kepada perbincangan dua hari yang akan diadakan.

5. Kepada semua yang hadir hari ini yang merangkumi kapten industri, penasihat Syariah, agensi kerajaan, serta tokoh-tokoh akademik, sokongan anda secara berterusan amat dihargai. Sokongan sedemikianlah telah membolehkan sektor kewangan Islam di Malaysia berkembang maju dan berdaya saing di peringkat serantau, dan juga global.
6. Sememangnya, semangat kerjasama dan kolaborasi ini merupakan faktor utama yang telah mendorong industri kewangan Islam untuk maju ke depan, sehingga Malaysia dipandang tinggi oleh komuniti antarabangsa sebagai 'thought leader' atau peneraju utama dalam industri ini.

Waqf Landscape in Malaysia

Ladies and gentlemen,

7. Social finance has gained traction worldwide in recent years. Islamic social finance should be able to spearhead this new consciousness as social and ethical considerations form the very bedrock of Islamic finance. And waqf has the potential to be an important instrument of Islamic social finance. It has immense potential to be used to achieve socio economic development goals in addressing poverty, unemployment, as well as financing of healthcare, education, and infrastructure development. Today, as the economy evolves, the application of Waqf features in Islamic finance products have shown that it can deliver the desired impact on the community, while combining the search for profit or reasonable returns with greater sense of purpose as dictated in Islam.

8. Today it is estimated that the value of Waqf assets globally range from USD100 billion to USD1 trillion¹. This makes Islamic social finance a potential source of funding to address the sustainability funding gap, which is estimated at more than USD1.7 trillion annually².
9. In Malaysia, waqf assets are estimated to be worth more than RM1.3 trillion³. However, according to statistics from Yayasan Wakaf Malaysia and the Department of Wakaf, Zakat and Hajj (JAWHAR) in the Prime Minister's Department, only 13 percent or about 30,000 hectares of waqf land in the country, is currently developed (2019)⁴, and even that it is traditionally allocated to religious institutions or schools.
10. The low utilisation rate shows the tremendous untapped potential of Waqf in catalysing socio-economic development, whilst broadening investment opportunities for those seeking to invest in waqf-linked instruments or products.

Ladies and gentlemen,

SC Initiatives in Developing Waqf

11. Recognising the positive impact of Waqf, the SC began to promote Waqf development through the Islamic capital market by publishing a book, entitled

¹ <https://documents1.worldbank.org/curated/en/930461562218730622/text/Maximizing-Social-Impact-Through-Waqf-Solutions.txt>

² <https://www.oecd-ilibrary.org/sites/6ea613f4-en/index.html?itemId=/content/component/6ea613f4-en>

³ <https://www.bharian.com.my/rencana/lain-lain/2020/11/752375/pelan-induk-wakaf-nasional-urus-aset-lebih-sistematik>

⁴ <https://www.thesundaily.my/local/unlocking-the-potential-of-wakaf-land-YA1020818>

“Waqf Assets: Development, Governance and the Role of Islamic Capital Market”.

The book was a product of the 5th SC–Oxford Centre for Islamic Studies (SC-OCIS) Roundtable on Islamic Finance held in March 2014. The theme of the Roundtable was *“Harnessing Waqf into a Bankable Social Financing and Investment Asset Class”*.

12. In the same year (2014), the SC launched the Sustainable and Responsible Investment Sukuk Framework (or SRI Sukuk Framework). This framework recognised and included the development of Waqf as an eligible project for the issuance of SRI Sukuk.
13. This was followed by the release of the Islamic Fund and Wealth Management Blueprint (IFWMBP) in 2017, which outlines SC's strategy in promoting the development of Waqf assets through Islamic collective investment schemes.
14. In order to facilitate this strategy, the SC introduced the Waqf-Featured Fund Framework (WQ-FF) in 2020. The framework allows investors to give a portion or all of their dividends from unit trusts and wholesale funds to charity or charitable projects in the form of cash.

15. Last year, this framework was expanded to include Islamic Real Estate Investment Trusts (REITs) and Islamic ETFs, to further deepen and broaden the choice of products in this segment.
16. We are pleased with the development to date. It shows the WQ-FF Framework has been able to promote greater collaborations between Islamic Fund Management Companies (IFMCs) and State Islamic Religious Councils. There has been an increase in efforts by all parties in exploring and identifying the potential of waqf assets development.
17. Since the launch of WQ-FF in 2020, six waqf featured funds have been issued. The aggregate funds raised amounted to RM46.7 million – as at December 2022. This amount may be small, but it is certainly moving in the right direction.
18. To further encourage issuers and investors, the SC also expanded its SRI Sukuk and Bond Grant Scheme in 2021 to cover all Sukuk under the SRI framework, including Sukuk issued for the development of Waqf assets⁵.

Collectively, such incentives together with the facilitative regulatory interventions by the SC have encouraged greater participation and collaboration in the development of waqf assets.

⁵ The grant which was initially launched in 2018 had only covered Green Sukuk under the SRI Sukuk Framework

Challenges

Ladies and gentlemen,

19. With all the developments that have taken place in the Islamic Finance space, it is recognised that the full potential of Waqf in Malaysia remains largely unexplored and unexploited.
20. It is for this reason that we must continue the collaborative efforts to engage and discuss. We must explore what other building blocks can be put in place. We should look at ways to harness the data and share it so that we can better understand what can and cannot be done. We must also continue to grow relevant resources, acquire greater knowledge and create better awareness on the need to develop Waqf assets.

Conclusion

21. Indeed, Islamic social finance, especially waqf has plenty of room to grow. It already benefits from a wide range of Islamic capital market instruments available to support sustainability financing, while addressing socio-economic imbalances and developments.
22. In order to optimise the use of these Islamic finance instruments, we need to bring all stakeholders together to work towards a common goal with a common purpose, to put Islamic social finance high on the national agenda, in step with the growing focus globally on social finance and ESG financing.

23. Sehubungan itu, saya amat berterima kasih kepada wakil-wakil Majlis Agama Islam Negeri-Negeri, wakil-wakil industri pasaran modal dan juga pakar-pakar kewangan Islam yang hadir pada persidangan hari ini, sebagai tanda sambutan baik kepada inisiatif SC untuk mengadakan persidangan buat julung kalinya mengenai peranan pasaran modal islam dalam pembangunan waqf di Negara kita.
24. Saya juga ingin mengucapkan terima kasih kepada rakan-rakan strategik iaitu Universiti Sains Malaysia (USM), Universiti DRB-Hicom dan FGV Holdings Berhad di atas usaha bersama dalam merancang, merangka dan menjayakan persidangan ini.
25. Juga ucapan terima kasih kepada semua pihak yang terlibat dalam sesi meja bulat yang akan diadakan besok di SC, untuk mengupas dan berbincang dengan lebih mendalam isu dan dasar-dasar terperinci mengenai Waqf. Adalah diharapkan sesi tersebut dapat mebuahkan idea dan cadangan yang praktikal untuk dilaksanakan pada masa akan datang.
26. Akhir kata, sekali lagi, setinggi-tinggi penghargaan dan terima kasih kepada Yang Berhormat Senator Dato' Setia Dr. Haji Mohd Na'im Bin Mokhtar, Menteri di Jabatan Perdana Menteri (Hal Ehwal Agama) di atas sokongan yang diberikan. Kehadiran Yang Berhormat pastinya dapat menyuntik semangat kepada kita semua, khususnya untuk SC, untuk terus berusaha memajukan pasaran modal Islam, semoga lebih bersedia untuk menampung permintaan kepada pembiayaan sosial Islam serta pembangunan yang mapan dan lestari.

27. Semoga persidangan ini juga mendapat keberkatan dan mencapai objektifnya, dalam usaha memajukan Wakaf sebagai instrumen kewangan sosial Islam di Malaysia, Insha-Allah.

Sekian, terima kasih.

Wabillahi taufiq walhidayah wassalamualaikum warahmatullahi wabarakatuh.