



Opening Address
by Dato' Mohammad Faiz Azmi
Chairman, Securities Commission Malaysia
at the SIDC Business Foresight Forum 2024
9:05am, 22 August 2024
Theme: "Investing in MSMEs for Impact"

Yang Berhormat Puan Lim Hui Ying

Deputy Minister of Finance, Malaysia

Yang Mulia Tengku Zarina Tengku Chik

Chief Executive Officer, Securities Industry Development Corporation

Board of Directors and Senior management team of the SC and SIDC.

Distinguished speakers, guests, ladies and gentlemen.

Assalamualaikum and a very good morning.

1. Thank you to the Securities Industry Development Corporation (SIDC) for inviting me to deliver the opening address at the SIDC Business Foresight Forum.
2. A special welcome to YB Puan Lim Hui Ying, Deputy Minister of Finance. Your presence here today underscores the government's support in driving the business agenda and the supporting the capital market's role in achieving Malaysia's economic goals.

The importance of MSMEs

3. MSMEs are the beating heart of our economy. They drive innovation, create jobs and fuel the growth that propels our nation forward.
4. MSMEs make up 96.9% of businesses in Malaysia. They are essential to the economy, contributing to nearly half of national employment and a significant portion of GDP.

5. Yet, they are also the most vulnerable when challenges arise, whether it's a pandemic, a national disaster, or disruptions in global trade.
6. That is why, this year's theme, "**Investing in MSMEs for Impact**", highlights the crucial link between our investment choices and their broader impact on society.

The SC's initiatives to support MSMEs

7. MSME market is key to a vibrant capital market. The Capital Market Masterplan 3 (CMP3) reinforced the need to create an environment to drive MSME growth.
8. The SC has also recently launched a comprehensive 5-year roadmap to catalyse access to capital market financing for MSMEs and Mid-Tier Companies (MTCs).
9. The roadmap aims to grow the MSME and MTC capital market by seven times, from RM6.3 billion in 2023 to RM40 billion in 2028.
10. This can be achieved by **improving access to financing** and broadening financing options, including developing new, customized capital market products that make it easier for MSMEs to access the funding they need.
11. For example, growing the pool of P2P operators focusing on the offering of debt-based financing instrument, will allow MTCs to seek debt-based financing directly from investors, while reducing the number of intermediaries involved in the process.
12. We are also **building a strong entrepreneurial ecosystem** by supporting incubators, accelerators, and angel investors and enhancing the regulatory environment to encourage more innovation and risk-taking.
13. The SC's Islamic fintech accelerator programme (FIKRA) is a prime example - fostering growth of MSMEs in the halal economy and widening access to the Islamic capital market.
14. We are investing in technology and infrastructure to streamline market access for MSMEs. This includes facilitating the development of digital platforms and simplifying listing requirements.

15. The Malaysia Co-Investment Fund (MyCIF) with an additional RM100 million from Budget 2024 has been instrumental in helping MSMEs raise funds through equity crowdfunding (ECF) and peer-to-peer (P2P) financing platforms.
16. Since 2015, ECF and P2P have supported over 18,000 MSMEs, helping them raise around RM 8 billion as of June 2024.
17. The additional RM100 million allocation will also support key initiatives in agriculture, healthcare, education, environment, community and Waqf asset development.
18. Of course, none of this works without trust. That is why we are also focused on strengthening investor protection. Building trust in our capital markets is crucial for attracting the investments that will help MSMEs and the capital markets in general. As an example, the SC is undertaking a review of some of the practices by Malaysian public listed companies in managing annual general meeting. Our review found that a large number of general shareholder meetings are still being held in a fully virtually format, both by main board and ACE companies. While fully virtual meetings were a necessity during the pandemic, listed companies must take the necessary steps towards transitioning back to physical or hybrid meetings. This we feel will engender more trust in public listed companies.

Capacity Building: Empowering Growth and Sustainability

19. Similarly, capacity building is essential for ensuring that businesses, especially MTCs and SMESs are equipped to navigate the complexities of the capital market.
20. Raising capital is a challenge for SMEs. The Elevate Programme by Capital Markets Malaysia (CMM) address this by preparing businesses for the next stage of growth, whether through IPOs or private equity.
21. This 10-day programme, spread over four months, equips entrepreneurs with the specific skills needed to successfully scale, enter new markets or acquisitions.
22. The programme has already led to tangible outcomes, with three companies listing on Bursa Malaysia and other securing initial funding.

23. So, if you are a business owner, or a C-suite executive looking to take your company to the next level, I strongly encourage you to apply for the Elevate Programme. It's not just an investment in your business – it's an investment in your future growth and success.

24. In fact, the first cohort of 2024 concludes tomorrow, with participants set to pitch their equity stories to investors, demonstrating the real-world impact of this training.

Simplified ESG Disclosure Guide (SEDG)

25. In response to growing demands for ESG transparency, CMM has also launched the Simplified ESG Disclosure Guide in October 2023, making Malaysia the first country to offer standardised ESG guidelines for SMEs in the supply chains.

26. The SEDG helps SMEs meet ESG requirements with clear, straightforward disclosures, ensuring they can meet the expectations of their stakeholders.

27. To support widespread adoption, the SEDG is available in Bahasa Malaysia and Simplified Mandarin, with workshops now being conducted across Malaysia. We are also working towards providing guidance on how to collect data from the business activities to be able to report sustainability information more efficiently.

28. We are encouraged to see leading corporations like Gamuda, Nestle Malaysia and Sunway Group assisting their SME suppliers in implementing SEDG disclosures.

Collaborating for MSME Success

29. The future is bright for MSMEs, especially with the rapid advancement of technologies like 5G, cloud computing and AI. These innovations are reshaping how businesses operate and how investors engage.

30. The companies that will succeed tomorrow are those that are agile to seize new opportunities today.

31. But to truly unlock the potential of MSMEs, it must be a group effort. We need to work together.

32. The SC's efforts, complemented by the government's initiatives, can create a conducive business environment and strong ecosystem for MSMEs.

33. I encourage all of you – whether you're an investor, or a partner – to seize the opportunities at hand.

34. The SC remains committed to providing guidance and support through workshops, seminars and forums like this one.

Conclusion

35. In closing, our mission is clear: to create an environment where MSMEs can thrive and drive Malaysia's economic prosperity. By fostering innovation, enhancing market infrastructure and providing access to capital, we are paving the way for a strong and resilient MSME sector.

36. I hope today's forum inspires you to think big, act boldly and invest in our nation's businesses. Let's make a lasting impact together.

37. On that note, thank you and I hope you have a productive and insightful forum ahead.

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