



**Keynote Address**  
**by Dato' Seri Dr. Awang Adek Hussin**  
**Chairman, Securities Commission Malaysia**  
**FPAM Annual Signature Financial Planning Symposium 2023**  
**Theme: Financial Planning Evolution**  
**23 August 2023**

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**Key Highlights:**

In his keynote address, Dato' Seri Dr. Awang Adek Hussin, Chairman of the Securities Commission Malaysia (SC), emphasized the importance of the financial planning to keep up with changing market conditions and investor demands.

The Malaysian financial planning industry must broaden their offerings to meet investors' preference for SRI, invest in technology for more personalised services, and build a skilled talent pipeline for the future.

Here are highlights from his speech:

1. The Malaysian economy has continued its recovery path post Covid-19 pandemic with an expansion of 4.2% year-on-year GDP growth in the first half of 2023.
2. Compared to pre-pandemic levels, the Malaysian economy is currently more than 6.0% above 2019 real GDP levels and is expected to remain on a steady growth path of between 4-5% in 2023.
3. Between 2015 and 2022, the number of financial planning firms increased by 42%, from 31 to 44 firms (as at end 2022). Meanwhile, the number of licensed representatives grew by 145% over the same period to 1,455 as at end 2022.
4. The evident growth has been facilitated partly by initiatives championed by FPAM as part of the financial planning industry's 3-year Joint Action Plan.
5. The SC will empower firms and consultants to deliver more comprehensive wealth management offering across the capital market and financial sectors.
6. Two financial planning firms have been selected to receive the DIGID awards, a co-funded innovation fund for projects that employ technology to offer new competitive propositions for the Malaysian capital market.

7. To attract more talent, the SC will be hosting the Financial Planning Day in October 2023 to showcase financial planning industry and firms to university students.
8. Licensed financial planners can capitalise on the announced policies that will facilitate the setting up of family offices in Malaysia.

**Full Speech:**

En.Alvin Tan, Presiden FPAM,

Ahli lembaga pengarah dan En. Alex Lee, ketua pegawai eksekutif FPAM,

Tuan-tuan dan puan-puan

Assalamualaikum warramatullahi wabarakatuh dan salam sejahtera,

1. A very good morning and thank you for inviting me to speak once again at the Financial Planning Association of Malaysia (FPAM) conference.
2. Indeed, forums such as this provide an important avenue for us to reflect on how far we have come; build on our own strength, learn from our own mistakes and plan ahead.
3. In the next few minutes, I will be sharing with you more about the industry's evolution and what needs to be done to cultivate the next phase of evolution for the Malaysian financial planning industry. Firstly, allow me to set the scene with an update about the economy and capital market.

**Economic recovery and global tailwinds**

Ladies and gentlemen,

4. The Malaysian economy has continued its recovery path post Covid-19 pandemic with an expansion of 4.2% year-on-year GDP growth in the first half of 2023. This was attributed to an improving labour market, resilient domestic demand and increased tourism activities.
5. Compared to pre-pandemic levels, the Malaysian economy is currently more than 6.0% above 2019 real GDP levels and is expected to remain on a steady growth path of between 4-5% in 2023.

6. Meanwhile, the performance of the capital market in the near term will continue to hinge upon key global and domestic developments, notably geopolitical developments, global monetary conditions and corporate earnings.
7. Signs of moderating inflation globally have led to a shift in expectations that major central banks are close to the end of their monetary policy tightening cycle and supporting financial asset prices. For example, both the US Federal Reserve and European Central Bank (ECB) raised their rates by 25 bps in July and kept the door open for future hikes but hinted that their policy rates may have reached their peaks.
8. Domestically, there appears to be more clarity following the launch of the government's MADANI economic framework. This comprehensive economic framework focuses on identifying and mitigating structural issues in the Malaysian economy to set it on a more sustainable growth path, whilst ensuring equitable distribution of economic opportunities across all levels of Malaysian society.
9. Initiatives under the MADANI economic framework are expected to improve investor confidence in the Malaysian economy and attract greater inflows and foreign investors into the domestic capital market. This in turn will provide better opportunities for financial planners to expand your client base as well as enable your existing clients to grow their wealth.

### **Considerable growth over the past decade**

Ladies and gentlemen,

10. Over the past few years, the financial planning industry has grown considerably and played an increasingly pivotal role in the financial well-being of many Malaysians. Between 2015 and 2022, the number of financial planning firms increased by 42%, from 31 to 44 firms (as at end 2022). Meanwhile the number of licensed representatives grew by 145% over the same period to 1,455 as at end 2022.
11. This growth over the past few years has been facilitated partly by initiatives championed by FPAM as part of the financial planning industry's 3-year Joint Action Plan. Amongst

them are the development of FPAM's SmartFinance portal, professional standards for industry representatives and financial planning software.

12. These initiatives are crucial to facilitating industry evolution and here, I commend FPAM and other associations on the initiatives that have been rolled out, and I look forward to the continued work for those still in the pipeline. Ultimately, these initiatives, will spur industry growth, improve education on new capital market products, enhance professional standards as well as increase visibility of professionals.
13. Moving forward, regional and local wealth trends indicate that investors are seeking holistic investment strategies that consider their entire portfolio, rather than focusing on individual products. The evolving service model and access demanded by clients is led by increased demand for personalised advice with deeper investor engagement over the long-term. Towards this end, the SC seeks to facilitate and empower firms and consultants to move towards more comprehensive wealth management offering across the capital market and financial sectors in a bid to meet Malaysians' evolving needs.
14. The winning firms over the next few years will be those that provide these holistic and personalised services as well as cater to investors' emergent needs. It will also be crucial that these firms are armed with necessary resources to do so. Allow me to expand on this point with regards to the types of services investors will be looking for as well as how financial planners can access the right resources to meet these needs.

### **Evolving to meet sustainability needs**

Ladies and gentlemen,

15. An increasingly important aspect of the services provided has to do with considering investors' Sustainable and Responsible Investment (SRI) preferences. Investors, especially younger ones, are becoming increasingly interested in ensuring that the capital they deploy is used for good causes such as transition towards clean energy, which may for example involve investment in a renewable energy SRI fund. In this respect, they may rely on the financial planner to guide them on the different types of SRI funds to meet their sustainability goal as well as their other financial goals.

16. In addition, Muslim investors would also be interested in waqf featured funds that integrate commercial, social and religious objectives and would allow unit holders to channel all or part of their income distributions received for waqf recipients.
17. As such, there is a need to incorporate SRI considerations as a routine component of advice. This will ensure that investors are well-informed of the investment options available and the opportunity to align their preference and motivation with their investment goals.
18. In line with this, financial planners and unit trust consultants must increase their understanding and develop their capabilities in this area to enhance their ability to tailor advice on SRI products and services to their clients.
19. To ensure that financial planners are equipped with the right information, the SC will be conducting consultations with industry associations and firms next year to understand challenges in incorporating sustainability considerations, and providing guidance to industry on incorporating sustainability considerations into suitability assessments, thereafter.

## **DIGID to develop digital tools for the future**

Ladies and gentlemen,

20. With the right service model, it is also crucial that financial planners have in place the proper tools at disposal to successfully provide sought after services. In this regard, investments into technology have become crucial to sharpen the competitive edge for businesses in order to deliver the personalised services that investors seek, as well as improve the investor experience and expand these services to a wider range of investors.
21. While bigger capital market players tend to have better digitisation capabilities, smaller players in contrast still lack the capacity to invest in technology that will allow them to transform digitally in a meaningful way. Cognisant of this, the SC in partnership with the Capital Market Development Fund ("CMDf") introduced the Digital Innovation Fund or DIGID in 2022. The objective is to co-fund innovative projects that demonstrate the use of technology to enable new and competitive proposition to the Malaysian capital market.

22. Two financial planning firms have been selected to receive the DIGID awards. One involves an AI-enabled app that offers free personalised financial planning services to the broader population. The app helps Malaysians to gain clarity and be in control in pursuit of their financial wellness journey. The other solution seeks to develop a data-driven customer relationship management ("CRM") system to enable optimum and tailored financial planning services to its clients. It aims to take financial planning services to the next level by leveraging data-analytics to manage and anticipate clients' needs.
23. Through the DIGID fund, the SC envisions all capital market intermediaries, including financial planners, to digitalise services in order to improve the investor experience and provide greater access for financial planning services.

### **Cultivating the next generation of talent**

Ladies and gentlemen,

24. In order to support the changing needs of investors and ensure sustainable growth of your business, financial planning firms will need to cultivate a pipeline of quality talent for the future. These individuals will need to be properly qualified and have the necessary experience as well as be equipped with digital skills, such as big data and AI expertise.
25. InvestED, the SC's newly launched capital market graduate programme can help firms in building this talent pipeline and ensuring a more future-ready workforce. The programme consists of 1 month of comprehensive and interactive formal learning followed by 6-months of on-the-job training.
26. In addition, to attract more talent to industry, the SC will be hosting the Financial Planning Day in October, that seeks to showcase financial planning firms and what a career in the industry would entail to university students. This initiative along with the internship programme has received funding from CMDP for three years. It is envisaged that the event, to be held at the SC premises, will be attended by up to 800 university students. These students will have the chance to interact with licensed financial planners and learn more about the industry. Hence, this is a great opportunity for financial planners to recruit talent and increase awareness of not just financial planning as a career, but also, the

importance of investing by young people, and being aware of scams taking place around them.

27. I would like to urge you to take initiative and build that talent pipeline on your own accord as well. Close collaboration with universities and other professional associations can enable firms and industry associations to develop courses to mould the next generation of financial planners, and ensure a steady stream of high-quality local talents.
28. Through these means, you will be able to cultivate the next generation of talent, ensuring the sustainability and continuity of the Malaysian financial planning industry.

### **Opportunities with emergent family offices**

Ladies and gentlemen,

29. As you may be aware, the Prime Minister had recently announced that the Ministry of Finance (MoF) and SC are looking at policies to facilitate and attract the setting up of family offices in Malaysia. The aim is to attract larger pool of investors to support financing for SMEs and the new economy.
30. These family offices will require specialist advice in a broad range of investments and services from traditional investments to tax and estate planning to name a few. Licenced financial planners are uniquely placed to capitalise on this invaluable opportunity to service family offices that will be looking to set up operations in Malaysia.

### **Conclusion**

Ladies and gentlemen,

31. The success of financial planning firms will be recognized not just by the profitability and sustainability of your business, but in how you evolve over time. As you are all aware, change is almost unavoidable and it is imperative that each firm and association embrace change to meet different market conditions and investor demands. Only then can we see success in the next phase of the financial planning industry's evolution.

32. With that, I would like to thank you and I wish you all a productive conference.