



**Keynote Address
by Dato' Seri Dr. Awang Adek Hussin
Chairman, Securities Commission Malaysia
at the ICMR-SIDC
Industry University Talent Bridging Conference**

**"Reshaping Markets & Finance:
Thought Leadership, Technology &
Talent as Powerful Levers of Change"**

25 July 2023

Key Highlights:

In his keynote address, Dato' Seri Dr. Awang Adek Hussin, Chairman of the Securities Commission Malaysia (SC), highlighted the need to reshape markets and finance in Malaysia given the strong headwinds and challenges to overcome. To recreate interest in the country's markets there must be greater emphasis in various key thrusts including leveraging on Islamic finance global leadership, growing ESG products and sustainability financing to attract investors that prioritise ESG, and pushing for stronger growth in the private market.

It is also essential to manage the impact of technology, as well as enhance talent and research pipeline to support sustainable growth, with the InvestED programme cited as an example to ensure a future-ready workforce for the industry. Finally, collaboration is imperative among investors, industry players, academia and the government to form solutions in view of reshaping markets.

Here are highlights from his speech:

1. The Malaysian capital market has grown more than 5 times, from RM0.7 trillion in 1993 to RM3.6 trillion as of June 2023. Meanwhile, the number of public-listed companies has increased close to 1,000.
2. The importance of the market internationally has declined due to the emergence of new regional markets. Malaysia's weight in the MSCI Emerging Markets Index was 25% in 1993 and has now decreased to under 1.5%.

3. In order to advance the country's leadership in Islamic finance, the SC is planning to launch guidance on the principles-based Maqasid al-Shariah by the end of 2023.
4. Given the active development of renewable energy domestically and the introduction of a carbon market by Bursa Malaysia, the country should aspire to be a regional leader in ESG products and ESG-related services.
5. Private market growth through venture capital private equity, equity crowdfunding (ECF) and peer-to-peer (P2P) financing must continue to assist SMEs access suitable financing for growth and expansion.
6. Thought leadership and its transformative impact is essential to advance and reshape markets. This is especially evident in the Islamic finance developmental agenda appreciated by the global community given its commonalities with sustainable finance.
7. Recent notable thought leadership initiatives include a conference and roundtable focusing on Waqf development, as well as promoting the private market and assisting SMEs obtain financing from the capital market.
8. To further the digital agenda, the SC launched a RM30 million Digital Innovation Fund (DIGID) to spur technology investments for innovation among Malaysian market participants.
9. To support sustainable growth, the right talent in areas such as technology, is required to meet the changing needs of the capital market.
10. The InvestED programme can move in the right direction to help bridge the talent gap between demand and supply, ensuring a more future-ready workforce.
11. Research collaboration between key stakeholders will be crucial to solve capital market challenges. Towards this end, ICMR is taking the lead to intermediate and build stronger research links with universities.
12. The recently established Research Collaboration Network can facilitate better research and knowledge flows, with ICMR being well positioned to expand its network into ASEAN.

Full Speech:

Assalamualaikum warahmatullahi wabarakatuh dan selamat pagi.

1. First of all, let me welcome you all to the SC. Thank you everyone for participating in this conference organised by the Institute of Capital Market Research Malaysia (ICMR) and the Securities Industry Development Corporation (SIDC). Both are close affiliates of the SC.
2. If you allow me, I would like to take this opportunity to recognise two important gentlemen amongst us for their invaluable and special contributions to the SC and the country.
3. Tan Sri Dr Munir Majid was the first Chairman of the SC. During his term, he built from scratch this beautiful building we are in. Once thought to be out of place and tucked away far from the city, it is better appreciated today as it blends beautifully and sustainably with

the surrounding green environment. Many foreign visitors to SC never cease to admire how lucky we are to be operating from this iconic building.

4. This year is also the SC's 30th Anniversary. Our progress and successes over the years can be credited to the early foundations and strong culture cultivated by Tan Sri Munir. He is currently the Chairman of ICMR, a fitting position for a founding father to continue to guide the SC, particularly in inspiring a new generation of thought leaders. Thank you Tan Sri Munir.
5. The other gentleman is Tan Sri Andrew Sheng, who is a well-known personality in the banking and financial circles internationally, as well as in Malaysia. He was Assistant Governor in Bank Negara Malaysia, who later joined the World Bank. He was subsequently appointed to high positions in Hong Kong and China, including as the Chairman of the Hong Kong Securities and Futures Commission. He has written and published extensively on international finance and is a widely respected expert in financial policy. We are indeed lucky to have him as a Distinguished Fellow at the ICMR.
6. On a personal note, Tan Sri Andrew was the one responsible to pluck me as a young lecturer from USM in 1985 to join Bank Negara Malaysia. He was my first boss and I cannot imagine holding the various positions that I have, including my current role, if not for him. Thank you Tan Sri Andrew Sheng.

Ladies and gentlemen,

A changing market and financial landscape

7. The theme of today's conference is **"Reshaping Markets & Finance: Thought Leadership, Technology and Talent as Powerful Levers of Change"**. I wish to present my thoughts on these key points reflected in the theme.
8. Firstly, why do we need to reshape markets and finance? That's because, for Malaysia, while we have done extremely well in the past, we are now facing strong headwinds and many challenges to overcome.
9. The Malaysian capital market has grown more than 5 times, from RM0.7 trillion in 1993 to RM3.6 trillion as of June 2023. The number of public-listed companies has also increased

close to 1,000. Our corporate bond market is recognised as a developing market success story by international institutions like the World Bank.

10. Along the way, we have established a strong investor protection regime with emphasis on investor education and empowerment, as well as rigorous enforcement of laws. This is complemented by a well-developed corporate governance framework that is highly regarded within the region.
11. However, the importance of our market internationally has declined due to the emergence of new regional markets. Malaysia's weight in the MSCI Emerging Markets Index was 25% in 1993, but it is now under 1.5%. Our stock market was the darling of foreign investors for long periods in the past, partly due to the listings of large privatisation projects and government-linked companies. Now, markets in neighbouring countries are fast catching up and have generated a lot of interest from foreign investors. So, what must be done to recreate interest in our markets?

Ladies and gentlemen,

Key thrusts moving forward

12. Given the country's innovative and pioneering regulatory interventions and frameworks in Islamic finance, Malaysia is a long-established global leader. We must leverage on our thought leadership, push the boundaries and continue broadening the spectrum of traditional and alternative products. This means enabling products and outcomes that are not only Shariah-compliant, but aligned to the broader principles of Maqasid al-Shariah, to meet the growing demand for Islamic products of a higher order.
13. We plan to launch guidance on the principles-based Maqasid al-Shariah compliance before year-end, Insyaa-Allah, and this could well be the first in the world. This will allow options for investors globally to invest not only in Shariah-compliant products in Malaysia, but also those aligned with Maqasid-al-Shariah.
14. **We must also grow ESG products and sustainability financing to attract investors that prioritise ESG.** In fact, Malaysia is ahead of many regional peers in terms

of sustainability disclosures by our PLCs. However, it is now time to work seriously towards adopting ISSB standards, which is expected to be effective next year.

15. Given the active development of renewable energy domestically and the introduction of a carbon market by Bursa Malaysia, we should aspire to be a regional leader in ESG products and ESG-related services.
16. **Another priority area is to push for stronger growth in the private market.** Its growth through venture capital, private equity, equity crowdfunding (ECF) and peer-to-peer (P2P) financing has been encouraging. This must continue to be encouraged to assist SMEs access suitable financing for growth and expansion.
17. In this regard, Malaysia has been leading the conversation at the IOSCO level for global regulators to pay attention to the development of both the public and private markets. After all, better funded SMEs via the private market will eventually create a more vibrant listing pipeline for the public market.

Ladies and gentlemen,

Thought leadership to reshape markets

18. Thought leadership and its transformative impact is essential to advance and reshape markets. We observe this especially in Islamic finance where its developmental agenda, which existed for a long time, can now be appreciated better by the global community, as it exhibits many parallels to sustainable finance.
19. Therefore, it is quite natural that **Malaysia, as a major player in Islamic finance, has been at the forefront in developing the sustainable and responsible investing (SRI) segment.** Significant commonalities between Shariah and ESG, such as social responsibility, inclusiveness, equitable sharing of risks, also fits well with the national agenda. This has also resulted in pioneering regulatory structures, including the SRI Sukuk Framework, SRI-Linked Sukuk Framework and Waqf-Featured Fund Framework.
20. Last week, in this same room, the SC in collaboration with academia and the private sector, held a conference and roundtable on elevating the potential of Waqf in the Islamic capital

market. This provided a platform for key stakeholders to come together to share their ideas and propose interventions that have the potential to transform the aspiration of Waqf as a catalyst for social finance.

21. Another example of thought leadership driven by the SC and Malaysia is in promoting the private market and assisting SMEs obtain financing from the capital market. This has attracted a lot of interest among emerging markets, both in ASEAN as well as some African countries. We have in the last six months hosted numerous delegations from those countries to come and learn from our experience.

Ladies and gentlemen,

Managing the impact of technology

22. Digital technologies are revolutionising every aspect of our lives, ushering in a new era of connectivity, convenience and innovation. In fact, 5G, artificial intelligence, blockchain, cloud computing, biometrics and quantum computing, are reshaping the market landscape and opening up new opportunities and challenges.
23. The entry of digital-enabled business models in our capital market, such as ECF, P2P, Digital Investment Managers (DIMs) and Digital Asset Exchanges (DAXs) have successfully broadened the spectrum of market participants, especially among young investors and smaller businesses looking to fundraise.
24. Technology platforms or lifestyle apps are also increasingly offering capital market services. This will give more Malaysians exposure to various investment options.
25. Today's competitive landscape requires incumbents to transform with technology. Data and analytics are now essential for organisations to derive data-driven growth. This includes harnessing AI to automate activities and deliver value-added client recommendations. The adoption of blockchain and DeFi solutions, within the capital market, can potentially fractionalise assets and improve market and operational efficiencies.

26. With this in mind, the SC launched a RM30 million Digital Innovation Fund (DIGID) this year to spur technology investments for innovation amongst Malaysian market participants.
27. Nonetheless, as data and technology become more intertwined with the capital market, we also need to be cognisant of the risks posed to investors, intermediaries and the market. For example, the growth of social media has led to a rise in scams and unlicensed activities globally. This makes the job of protecting investors much more difficult.
28. On the other hand, irresponsible or inaccurate use of data and AI models could potentially amplify existing biases and blindside decision makers. Nonetheless, risks should not deter technology adoption. Instead, they should serve as a reminder for everyone to be prudent and vigilant as we push the boundaries of innovation.
29. This brings me to the next enabler; possessing the talent and skills to manage change.

Supported by robust talent and research pipeline

30. Ultimately, to support sustainable growth, the right talent is required to meet the changing needs of the capital market. Increasingly, it will be digital skills, such as big data and AI expertise, that will be in demand compared to traditional finance and accounting qualifications.
31. However, I am confident that **InvestED**, our newly launched capital market graduate programme, can move in the right direction to help bridge the gap between demand and supply, ensuring **a more future-ready workforce** that can contribute to growth and stability.
32. *Alhamdulillah*, even the Prime Minister expressed his strong support when he came to launch InvestED at SC last month. He even suggested that it can serve as a model for successful collaboration between industry and universities in other sectors as well.
33. It is in the same vein that research collaboration between key stakeholders will be crucial to solve capital market challenges. Towards this end, ICMR can take the lead to “intermediate” and build stronger research links with universities. It is therefore

encouraging that ICMR ran a Call for Papers initiative, focused on identifying capital market opportunities in Malaysia and the region. And I understand that this has received a strong response, indicating ample opportunities and high interest for collaboration.

34. Therefore, its recently established Research Collaboration Network can facilitate better research and knowledge flows. I have even requested ICMR to work more closely with the Ministry of Higher Education to establish a more formal collaborative structure with local universities to ensure greater synergies and impact. Furthermore, I believe ICMR is well positioned to expand its network further into ASEAN, which will facilitate wider knowledge and research alliances throughout the region.

Ladies and gentlemen,

Closing remarks

35. Malaysia needs more cross-pollination of ideas, so that we can look at problems from an interdisciplinary and systems perspective and come up with solutions relevant for the country. This is not something that the SC can do by itself.

36. We need to collaborate with investors, industry players, academia and the government so that we can punch higher than the sum of our individual weights, and reshape markets for the betterment of all.

37. With that, I hope today's conference will highlight new perspectives and insights that will assist us in mapping the way forward, together.

Sekian, terima kasih and thank you.