Islamic Fund and Wealth Management Blueprint
(IFWM Blueprint)

12 January 2017
Malaysia’s Islamic Capital Market: Key Achievements
Malaysia’s ICM has grown to RM1.7 trillion

CAGR 2005 – 2015 : 11.7%

CAGR = Compounded Annual Growth Rate

Source: Securities Commission Malaysia
Malaysia continues to lead the global sukuk market...

Share of sukuk outstanding stood at 54.3% as at end 2015

Source: Zawya
...and accounts for significant share of the global Islamic funds market

Second largest AUM by domicile at 28% in 2015

- Saudi Arabia: 40%
- Malaysia: 28%
- Jersey: 8%
- United States: 7%
- Luxembourg: 4%
- Others: 13%

Number of Islamic funds grew at 14% CAGR from 285 in 2004 to 1,220 in 2015

Domestic Islamic funds industry outpaces global growth

- **20 Full-fledged IFMCs**
- **27 FMCs offering Islamic windows** *(Nov 2016: 31)*

Islamic AUM 2015: RM132 bil *(Nov 2016: RM150 bil)*
CAGR 2009 – 2015: 23.3%

**Outperformed** global Islamic funds’ AUM
CAGR of 4.0%

No. of Islamic funds 2015: 314 *(Nov 2016: 332)*

Islamic funds’ AUM 2015: RM100.6 bil *(Nov 2016: RM116.1 bil)*
CAGR 2009 – 2015: 24%

Note: Islamic funds refer to Islamic CIS which include unit trust funds, wholesale funds, private retirement schemes, exchange traded funds and real estate investment trusts

Sources: Securities Commission Malaysia, Islamic Financial Services Board
Moving Malaysia’s ICM forward - navigating through changing global landscape

- Rising affluence
- Sustained growth
- International competitiveness
- Global ICM marketplace
- Demand for Islamic solutions
- Global sustainability agenda
- Islamic finance in financial centres
- Digitalisation
The next growth driver for ICM...

2

Islamic Fund and Wealth Management
Supported by global trends...

Global AUM (US$ trillion, 2008-2015)

Percentage of Muslim population

Profile of world population 1990–2030

OIC and world GDP growth

Sources: Boston Consulting Group, Pew Research Center, World Bank, Securities Commission Malaysia
... and growth in sustainable investment

The global sustainable investment market rose by 61% from US$13.3 trillion at the start of 2012 to US$21.4 trillion at the start of 2014

Source: Global Sustainable Investment Alliance 2014

SRI market in Asia

- Malaysia, 34%
- Hong Kong, 25%
- South Korea, 19%
- Singapore, 13%
- Others, 9%

Source: Asia Sustainable Investment Review 2014
Malaysia to be a leading international centre for Islamic fund and wealth management
The guiding principles

IFWM Blueprint:
Thrusts and Recommendations

- Seize new market opportunities
- Expand international connectivity
- Strengthen global capabilities of market intermediaries
Three strategic thrusts

- Strengthen Malaysia’s positioning as a global hub for Islamic funds
- Establish Malaysia as a regional centre for Shariah-compliant Sustainable and Responsible Investment
- Develop Malaysia as an international provider of Islamic wealth management services
IFWM Blueprint: Thrust 1

Strengthen Malaysia’s positioning as a global hub for Islamic funds

- Leverage on existing strength in Islamic funds
- Widen the international base of the industry to develop critical mass by scaling-up operations and offerings
- Enhance supply and diversity of Islamic investment instruments
IFWM Blueprint: Thrust 2

Establish Malaysia as a regional centre for Shariah-compliant Sustainable and Responsible Investment

- Build upon Malaysia’s position as Asia’s largest SRI market for its Islamic funds
- Leverage commonalities in the underlying principles between Islamic investing and SRI
- Enhance and strengthen the SRI ecosystem and its entire value chain
- Align with the national agenda on sustainability
IFWM Blueprint: Thrust 3

Develop Malaysia as an international provider of Islamic wealth management services

- Capitalise on Malaysia’s comprehensive Islamic finance ecosystem to drive development and growth
- Develop supporting infrastructure and create a more conducive and enabling environment
- Strengthen intermediation capability across the value chain of Islamic wealth management cycle
IFWM Blueprint: Recommendations

1. Provide enabling frameworks to support innovation in Islamic markets
2. Enhance market access and international connectivity
3. Develop vibrant ecosystem to accelerate growth of Shariah-compliant SRI
4. Promote the growth of private equity
5. Facilitate new digital business models, products and services for Islamic fund and wealth management
6. Advance Malaysia’s positioning as a hub for investment support services
7. Spur institutional participation in Islamic funds
8. Develop facilitative market infrastructure for Islamic wealth management
9. Strengthen intermediation capabilities to support greater internationalisation
10. Fortify talent pipeline for Islamic wealth management
11. Provide targeted incentives to strengthen international competitiveness
THANK YOU