

ACCESS TO ISLAMIC CAPITAL MARKETS

Greater Accessibility and Relevancy for Spectrum of Market Segments.

CONTEXT

Fintech is a key driver to strengthen the role of Islamic capital markets (ICM) in funding sustainable development needs, advancing financial inclusion agenda and accelerating the growth of sustainable and responsible investing (SRI) segment.

As the ICM landscape develops further, it presents an opportunity to make ICM products more accessible to the mass retail investors and SMEs, particularly by working towards addressing the following challenges:

- Increase awareness of ICM offerings
- Greater ease of access to ICM products and services
- Enhance maturity and sophistication in the existing platforms/ products for wider reach
- Develop customisation and relevant range of products for the mass segments

There is scope to drive greater sustainability through more investments in environmental, social and governance (ESG) initiatives, greater access to investment opportunities and funding to grow the wealth of citizens for the long-term and thus help achieve Malaysia's Shared Prosperity Vision 2030 (SPV) and the UN's Sustainable Developmental Goals (SDGs).

This could be achieved through fintech ideas and solutions that can democratize the market with innovative products or services that will enhance accessibility and provide greater inclusivity into the ICM.

INDICATIVE SOLUTION DOMAINS

Financial Inclusion-related solutions

- Increase accessibility to ICM investment products and services, especially towards wealth accumulation and preservation for the long-term that may help address concerns around the increasing low-moderate income segment and retirement / pension planning needs.
 - For instance, solutions to encourage consumers' behavior for better financial management that could improve capital retention to promote financial health.
- Improve accessibility to ICM fundraising products, especially for MSMEs that seek Shariah-compliant financing and making alternative fundraising more accessible for issuers in rural areas.
 - For instance, funding & intermediation solutions that democratise the way investors can access opportunities and issuers can access alternative financing.
- Enhance financial literacy, increase awareness and provide better experience in navigating ICM so investors will have more trust, knowledge and confidence to participate in the capital markets.
 - For instance, end-to-end investment journey related solutions aimed at improving customer experience or awareness through integrated financial literacy to address investors' needs throughout the process.
 - Data collection, reporting and measurement– Solutions for better transparency and/or tools to measure impact & returns to help investors make informed decisions and create linkage with investment outcomes.

SRI-related solutions

- Specific to the SRI segment, a '5i Strategies' plan was introduced to develop an enabling SRI ecosystem in the Malaysian capital market. These include solutions aimed at –
 - Widening range of instruments; Increasing investor base; Building a strong SRI issuer base; Instilling strong internal governance structure; Enhancing transparency of information on SRI products
- Fintech ideas and solutions to address the 5i strategies that enhance accessibility, depth and participation in the SRI segment to attract more retail investors and MSMEs to the segment.