

## Welcome Remarks by INCEIF PCEO Prof Dato' Dr Azmi Omar

### Theme: Malaysia –The Potential Hub for Global Islamic Fund Administration Conference

YBhg Datuk Zainal Izlan Zainal Abidin, Managing Director, Development & Islamic Markets, Securities Commission Malaysia,

Fellow Colleagues

Ladies & Gentlemen

Assalamualaikum and a Very Good Morning,

On behalf of the BNP Paribas-INCEIF Centre for Islamic Asset and Wealth Management and INCEIF's Research Management Centre, I would like to welcome everyone to today's conference on Malaysia – The Potential Hub for Global Islamic Fund Administration.

Today's conference is timely against the background of the growing importance of the Islamic wealth management industry in Malaysia.

The Malaysian Islamic capital market has seen rapid development in recent years, and grown at a much faster pace compared to the overall capital market. From 2001 to 2010, the stock market saw a compound annual growth rate of 11.1%, while bonds in the country experienced a compound annual growth rate of 10.8% over the same period. On the other hand, the Islamic capital market saw assets triple from RM293.7 billion (USD77.3 billion) to RM1.1 trillion (USD342.3 billion) over the ten year period.

The global Islamic fund industry shrank for the second consecutive year in 2016, largely due to volatile market conditions. Malaysia – among the top domicile by Islamic fund assets – saw industry assets shrink from USD20 billion in 2015 to USD16.3 billion in 2016.

Today, Malaysia is second to Saudi Arabia in terms of Islamic asset under management with US\$22.6 billion (32%) out of the total global value of US\$70.8 billion of funds globally. In terms of the number of Islamic funds, Malaysia is No 1 in the world with 388 funds out of the total 1,535 funds globally. Furthermore, taking into consideration its well-developed funds industry, comprehensive Islamic finance ecosystem, its reputation as a global hub for Islamic finance and the Government's commitment to further develop and globalize this industry, Malaysia has significant potential in establishing itself as a leading international center for Islamic fund and wealth management. This is unequivocally expressed in the three Strategic Thrusts of the Securities Commission's *Islamic Fund and Wealth Management Blueprint*, launched in 2017.

Malaysia has hosted many international providers of financial support services. The country is actively engaged in leveraging on its competitive strengths to attract more international investment support service providers such as fund administration services to establish their operational base in Malaysia, providing services to asset owners and managers. This strategic vision to be a global hub for Islamic fund administration will bode well not only for Islamic funds but also ethical and global conventional funds in Malaysia.

A brief evaluation of the Malaysian position as a contender, in comparison to established global investment support service providers such as Luxembourg, Ireland, Singapore and Hong Kong, suggests a significantly challenging, though attainable undertaking if we were to focus on the Islamic fund and wealth management industry. Malaysia already has the advantage in Islamic fund administration services over other global fund centres due to its competitive manpower cost, well-developed infrastructure and overall economic stability.

With that in mind, we can look forward to an exciting discussion and exchange of ideas today as I invite all of you here today to share your thoughts on the value propositions that would help Malaysia achieve this strategic initiative. The idea is not only to attract international fund service providers to our shores but also to develop the domestic investment support services industry.

On behalf of the BNP Paribas-INCEIF Centre for Islamic Asset and Wealth Management and co-organiser, INCEIF's Research Management Centre, please accept our heartfelt thank you to the Securities Commission Malaysia, Datuk Zainal Izlan, the speakers and all of you for making the time to be here today.

I wish all of you a successful conference, InSyallah.

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