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REPUBLIC OF INDONESIA

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Session 3: Capital market development I (Developing domestic capital markets)

Presentation

Capital Market Development Strategies, the Malaysian Case

by

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Session 3: Capital Market Development I *Capital Market Development Strategies, the Malaysian Case*

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Capital Market and the Economy: To provide long-term financing alternatives to banking system

Financing Role in Economic Growth

Diversify sources of financing economy for
better allocation of financial sector risks

Banks	Capital Market	External
Bank loans Syndicated loans	IPOs Bonds VC funds	Forex loans FDI: equity, loans, profit and dividends

- **Higher CM share of financial sector assets to reduce maturity and currency risks**
- **CM provide long-term infrastructure finance for stability and to lower country vulnerability**
- **High demand for long-term finance in services and infrastructure.**

Diversify Instruments to Savers, expand intermediation of funds

Capital Market gives options to raise
income and diversify investment risks for
savings:

Investment Options	Diversify Risks for savers, more options for investors
Equities Bonds Mutual funds Venture capital Pension funds	Bonds-standard, convertible Equities-IPOs, options, warrants, indices, ETFs VC for high risk, high returns

Phased Approach-10 year Capital Market Plans

CMP 1(2001-2010)

Development strategies to enhance competition, regulations and market efficiency, develop Islamic finance

- Stronger focus on legal, regulatory framework, enforcement
- International front – aimed at meeting international standards of sound regulatory practices
- Development focus – deepen and broaden domestic capital markets
- Align with gradualist approach in liberalization

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CMP 2 (2011-2020)

Capital market to finance economic growth through governance and investor protection

- Sustainable growth focus - align with economic transformation under NEM
- Balance growth strategies with stability objectives
- Strengthening supervision & governance with stability focus
- Improving efficiency to manage competition through scale, broaden market beyond domestic borders
- Regulations that resonate with investor protection
- Stronger institutions for effective surveillance
- Seek Big Bang in liberalization and deregulation
- High compliance with international standards

Vision for a Modern Capital Market

Main features of a matured capital market

- 1.Effective fundraising:** well functioning markets to raise funds, manage risks--equity, bonds, futures market for hedging, venture capital
- 2.Ample liquidity:** Trading velocity, free float in equity; secondary bond market
- 3.Efficient and developed infrastructure:** Legal system to enforce contracts, trading and settlement system for speed and safe trades, legal framework that is internationally benchmarked
- 4.Diversity of products:** Equities, ETFs, investment funds, bonds, derivatives
- 5.Diversity of investor profile:** diverse investors--retail, institutional; domestic, foreign
- 6.Effective intermediation services:** quality of broker, underwriter, advisor, lawyers, accountants; cost efficient services
- 7.Proportionate investor oversight,** international standards, *focus on corporate governance*, international cooperation
- 8.Transparency:** information on intermediaries, products, investors

CMP 2: Aligned with the Economic Transformation Programme



Capital Market Meet Objectives of NEM

- Higher CM share in financing economy
- Strong supervision and enforcement—stability focused
- Broad and deep asset markets in liberalised economy
- Highly innovative and liquid
- Multi-venue, multi-product and multi-asset
- Electronic environment
- New growth segments
- Quality of governance for high performance

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Overview of CMP2 strategies

GROWTH

- Promote capital formation
- Expand intermediation efficiency and scope
- Deepen liquidity and risk intermediation
- Facilitate internationalisation
- Build capacity and strengthen information infrastructure

GOVERNANCE

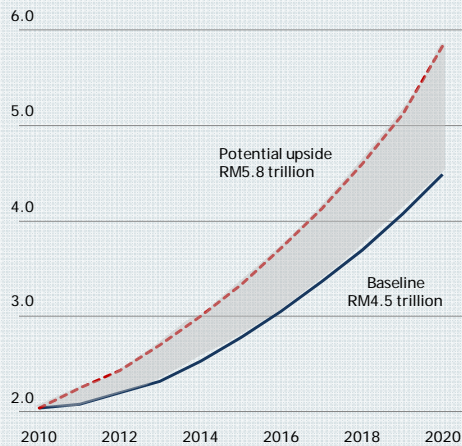
- Enhance product regulation to manage risks
- Expand accountabilities as intermediation scope widens
- Robust regulatory framework for a changing market landscape
- Efficient oversight of risks
- Strengthen corporate governance
- Broaden participation in governance

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Maximise growth opportunities

Size of Malaysian capital market
RM trillion



- Internationalisation to expand scale
 - Foreign listings
 - Expansion into international mkts
- Hub opportunities
 - Middle and back office
 - Education
- ICM
 - Expand international reach
 - Seeding strategy for value-add Islamic fund management

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6. Broaden participation in governance: Active shareholder participation, shape corporate behaviour and achieve culture of integrity and social

1. Enhance product regulation: conducive environment for product innovation to benefit investors

2. Expand accountabilities while widening intermediation: broaden intermediation activities, strengthen industry capabilities

预览已结束，完整报告链接和二维码如下：

https://www.yunbaogao.cn/report/index/report?reportId=5_5415

