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# THEMATIC

**In this report:**

**Malaysia – CMP3 to drive a more inclusive, sustainable economy**

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## Malaysia

### CMP3 to drive a more inclusive and sustainable economy

The Securities Commission has launched the third Capital Market Masterplan (CMP3), a five-year plan that seeks to leverage the strengths and potential of the Malaysian capital market to accelerate economic growth that is sustainable and inclusive.

Over the next five years (2021–2025), the framework will set the direction for the country's capital market towards a more relevant, efficient, and diversified market. We believe a successful implementation of the CMP3 over the next five years will put us on a higher pedestal among the global capital markets. Our market would continue to be competitive and attractive in the changing global trend as we become more efficient, diversified, and relevant.

- With greater efficiency and a more inclusive and diverse capital market, Malaysia would be able to garner more investor interest and better valuations, and these in turn would benefit our businesses and the economy.
- Malaysia's domestic capital market expanded by 1.7 times to RM3.4 trillion between 2011 and 2020. During this period, the economy grew on average by 5.1% from 2011 to 2019 but shrank by 5.6% in 2020 due to the Covid-19 pandemic impact.
- This pandemic has resulted in new norms and trends on the global front as well as domestically. For a more sustainable growth in an economy that aims to be more inclusive with improved digitalisation and automation, a strong capital market is vital.
- The launch of the third Capital Market Masterplan (CMP3) by the Securities Commission is timely. The five-year plan (2021–2025) is a strategic framework for Malaysia's capital market growth. With the economy emerging from the Covid-19 pandemic, a strong and vibrant capital market is essential going forward.
- The CMP3 focuses on four areas which are in line with the future economic trend:
  1. Addressing the business funding gap through a diverse market and intermediation ecosystem;
  2. Digital inclusion which is in line with the emphasis of both the government and businesses as we move towards digitalisation;
  3. Emphasis on shared accountability within the capital market, particularly corporate responsibility to stakeholders beyond short-term profitability;
  4. Sustainability and ESG through higher mobilisation of capital.
- Hence, we are of the view that a successful implementation of the CMP3 over the next five years will put us on a higher pedestal among the global capital markets. Our market would continue to be competitive and attractive in the changing global trend as we become more efficient, diversified and relevant.
- With greater efficiency and a more inclusive and diverse capital market, Malaysia would be able to garner more investor interest and better valuations, and these in turn would benefit our businesses and the economy.

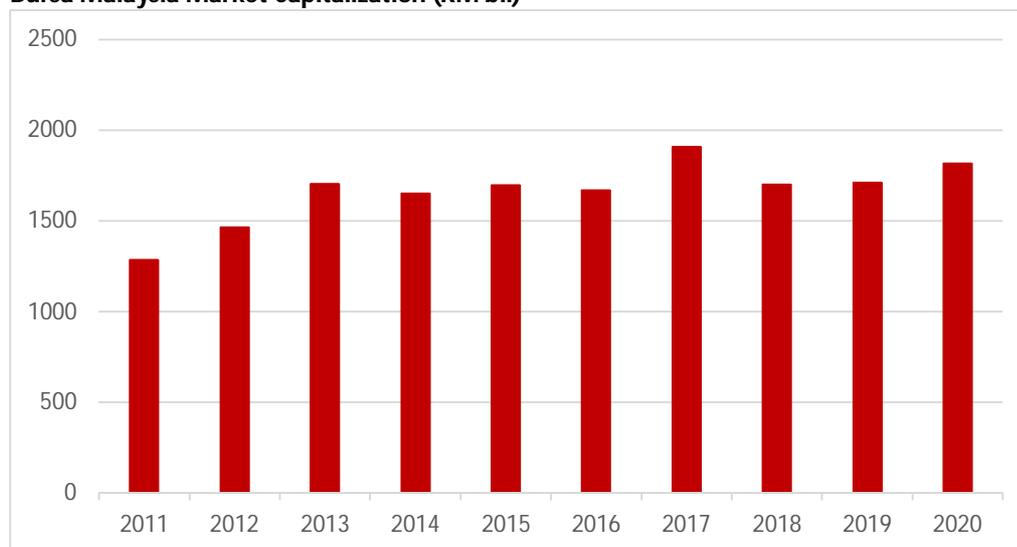


**Highlights of Malaysia’s Capital Market Development (2011–2020)**

|   |           |
|---|-----------|
| Total size of the Capital Market (CAGR)               | 5.30%     |
| Alternative Fundraising for emergent companies (CAGR) | 8.30%     |
| Bursa MidS Cap Index (CAGR, since 2017)               | 5.50%     |
| Total Bond Outstanding                                | 7.70%     |
| Total Asset Under Management (AUM) (CAGR)             | 9.10%     |
| Total size of Islamic Capital Market (ICM) (CAGR)     | 7.50%     |
| Individuals reached through InvestSmart               | 2 million |

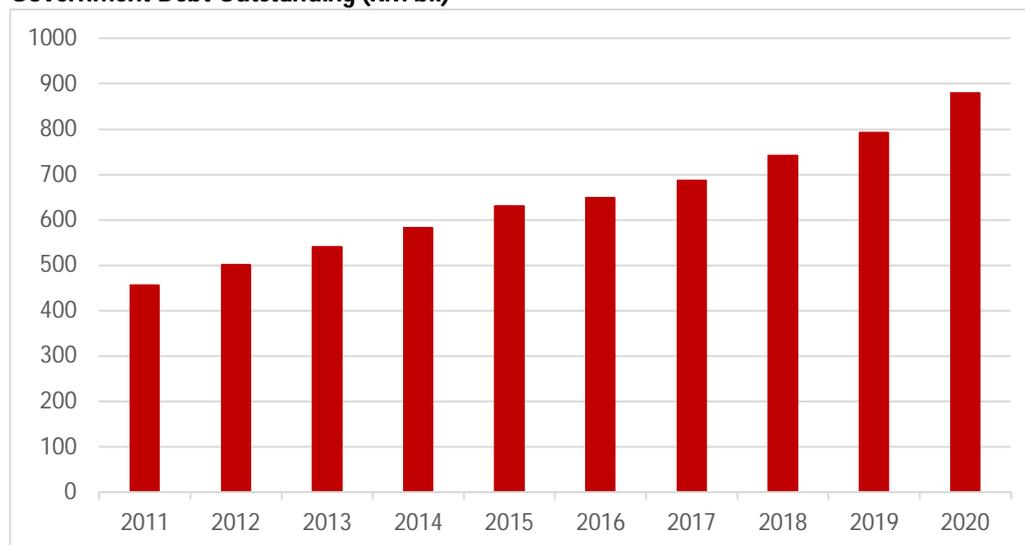
Source: Securities Commission/AmBank Research

**Bursa Malaysia Market Capitalization (RM bil)**



Source: Securities Commission/AmBank Research

**Government Debt Outstanding (RM bil)**



Source: Securities Commission/AmBank Research



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