



COMCEC Project Funding

Advancing Islamic Capital Market through Financial Technology

2019-MYSFINAN-1636

Islamic Finance Task Force
COMCEC Capital Market Regulators Forum
14 October 2020

INTRODUCTION

- Leveraging Digital Technology to Broaden Access to the Capital Market
- Facilitating the development of alternative financing avenues
 - the emergence of innovative market-based financing models such as equity crowdfunding and peer-to-peer (P2P) models.
 - greater democratisation of finance for the underserved small businesses and entrepreneurs with innovative business ideas.
- Strong participation of investors including retail and youth segments

INTRODUCTION

- *Leveraging Digital Technology to Broaden Access to the Capital Market*

The Malaysian FinTech industry is now home to alternative market-based financing platforms:

- Equity Crowdfunding (ECF)
- Digital asset exchanges (DAX)
- Peer-to-Peer financing (P2P)
- Property Crowdfunding (PCF)

Equity Crowdfunding



Peer-to-Peer Financing



INTRODUCTION

- FinTech in Malaysia's Capital Market

Lead Innovation in Digital Technology for ICM Offering

1. aFinity@SC

Platform that acts as a network for Fintech experts to discuss and share their ideas and aims to provide catalyst to greater interest towards the development of Fintech (est. 2015)

3. Digital Investment Management (DIM) Framework

Issued in 2017- Set out licensing and conduct requirements for the offering of automated discretionary portfolio management services to investors.

2. Digital Platforms

Equity Crowdfunding (ECF) - Issued in 2015, first APAC country to regulate ECF.

P2P Lending (P2P) - Issued in 2016, first ASEAN country to regulate P2P financing

4. Robo Advisory Framework

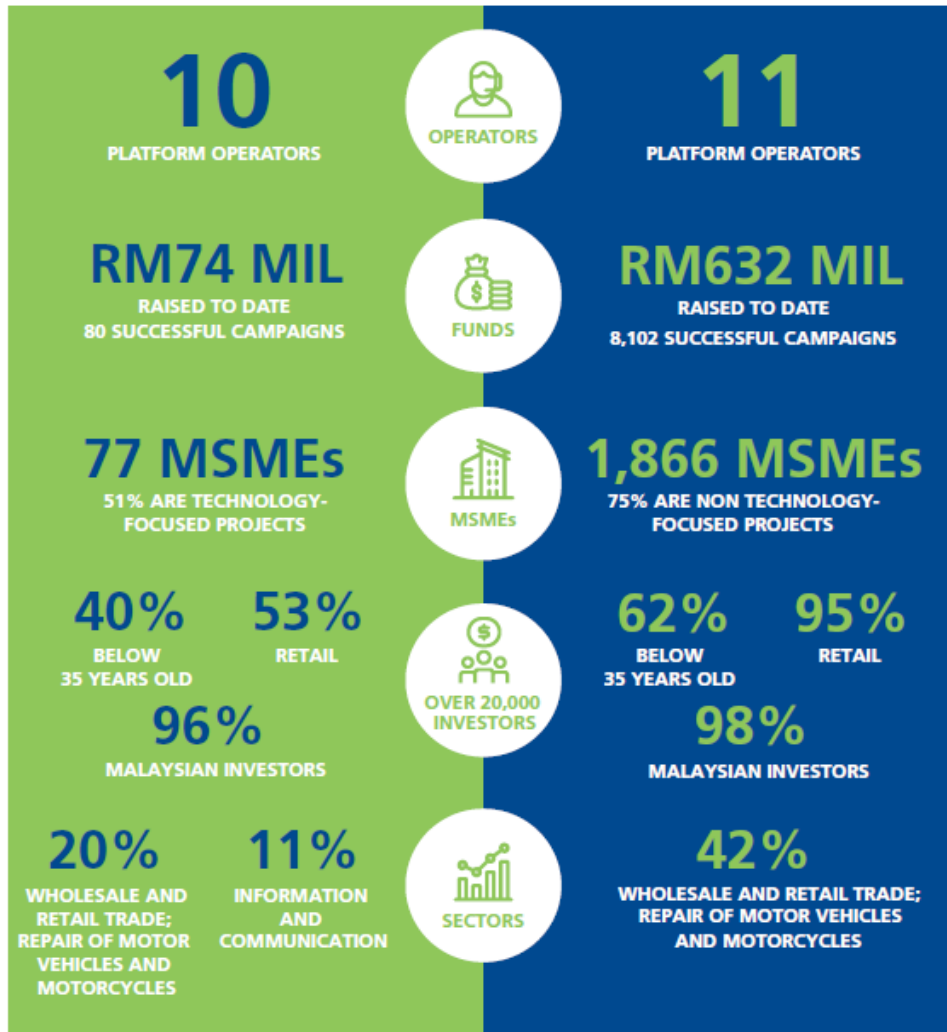
Issued in 2018 to pave the way for the introduction of robo-advisors to the Malaysian market

- Wahed Invest (American-based halal-focused investment firm)
- Algebra – (regulated by LFSA)

ECF*

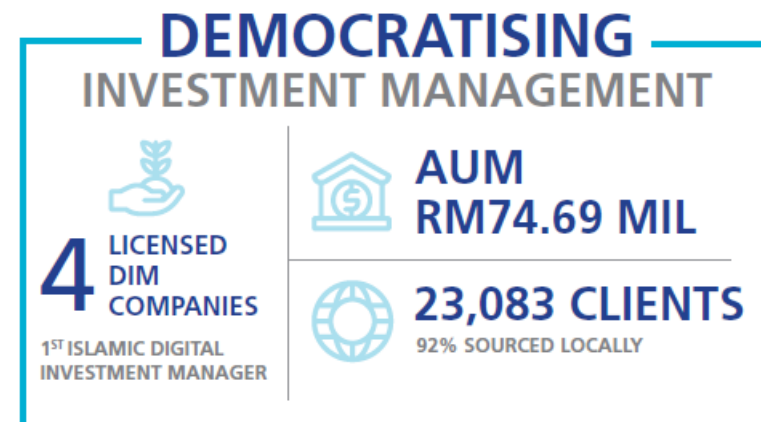
P2P*

FINANCING PLATFORMS



Encouraging track record in fundraising presents opportunities. In 2019

- 1,449 SMEs raised funds - a 130% increase on 2018.
- 18,730 investors - a 91% increase.
- 5,612 campaigns launched - a 191% increase.

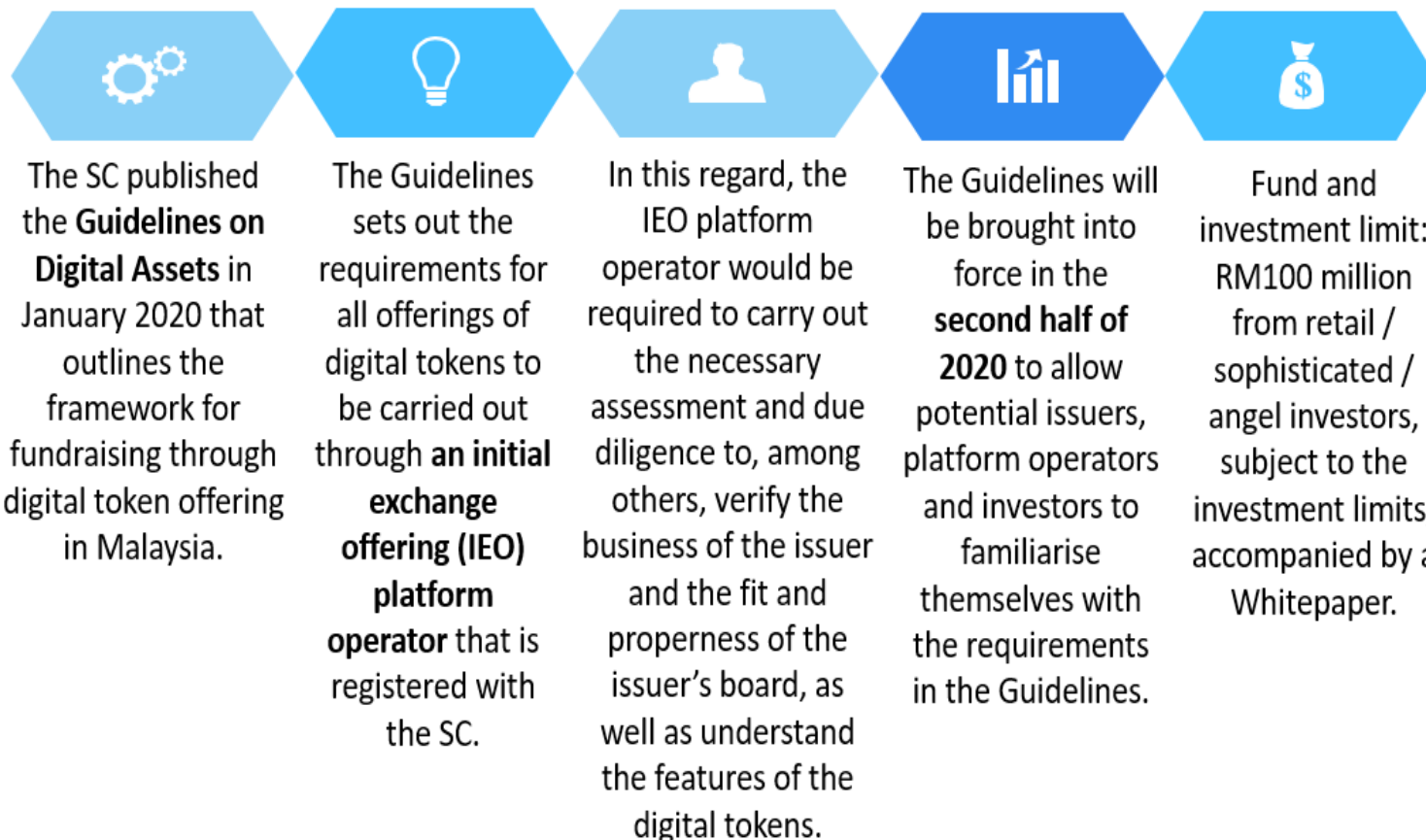


INTRODUCTION

- FinTech in Malaysia's Capital Market

Initial Coin Offering (ICO)

In an ICO, an issuer who is typically an early-stage venture, creates and issues its own digital assets in exchange for established digital currency (for example Bitcoin or Ether) or fiat currency. The proceeds from the ICO are then used to build and develop its venture.



COMCEC FUNDING PROJECT

- Brief Summary of 2019-MYSFINAN-1636

Terms	Details
Project Title	Advancing Islamic Capital Market through Financial Technology
Project Summary	The project is intended to promote development of contemporary ICM via financial technology in the Member Countries through workshop and policy recommendations. The project aims at developing and strengthening human and institutional capacity, promoting awareness as well as identifying issues/gaps in addressing financial technology in ICM.
Key Deliverables	<ol style="list-style-type: none">1. Conducting a workshop for the supervisory and regulatory authorities in ICM on financial technology; and2. Publishing a post workshop report which the outcome of discussions from the workshop will be compiled in a workshop report and recommendations.

COMCEC FUNDING PROJECT

- Brief Summary of 2019-MYSFINAN-1636

Terms	Details
Workshop Summary	The workshop will be a two-day programme on ICM and financial technology, designed as a platform for discussion and clarification, and sharing of experiences from selected member countries.
Workshop Title	Advancing Islamic Capital Market through Financial Technology
Duration of the workshop	2 days
Location	Dubai, UAE
Total Participants	20 (from 10 countries)
Qualifications and profile of participants	The workshop is targeting countries that have experienced some advancement in ICM and who are responsible for the development of Islamic finance in their jurisdictions.
Related Future Works	<p>The Workshop would serve as a starting point for the regulatory and supervisory authorities to discuss on the necessary architecture and infrastructure in advancing ICM using financial technology.</p> <p>Further works under this project would include an applied research on specific topics identified at the Workshop e.g in-depth research in enabling greater international cooperation and collaboration among the capital market regulatory and supervisory authorities including multilateral agencies on financial technology.</p>

COMCEC FUNDING PROJECT

- Project Output/Deliverables

1) **Workshop on “Advancing Islamic Capital Market through Financial Technology”** (*two day*)

Proposed Topics/Contents

- Financial landscape of contemporary ICM;
- Building Blocks for an Enabling Fintech Ecosystem in ICM – Regulator’s Perspective;
- Facilitating an Enabling Fintech Ecosystem in ICM – Industry’s Perspective;
- Interactive Session – Jurisdictional Case Studies on Fintech Ecosystem Development Initiatives for ICM;
- Panel Session – Strategies and Recommendations on Legal, Regulatory & Shariah Frameworks, Products & Services
- Case Studies on Fintech and Lessons Learnt

2) **Post-workshop Report**

- outcome of discussions and proposals from the workshop particularly on key areas which need to be addressed in developing policy recommendations for further enhancement of ICM via financial technology



THANK YOU