

CONNECTING THE POWER OF CAPITAL TO A NATION'S VISION

A CAPITAL market is commonly described as “up” or “down”. In the rush of our modern world, coupled with social media being mistaken for genuine news, a market is often shrunk down to labels, symbols and colours even - like “red” or “green”, “growing” or “shrinking” and even “big” or “small”. These simplistic opinions rarely provide proper insight. They’re also the reason many prime opportunities slip by unnoticed, and value is left uncaptured.

Bursa Malaysia believes that a capital market is about making connections. In its most basic form, it connects capital to businesses, turning idle capital into fuel that enable businesses to drive growth. But behind this simple definition, there are four key areas where these connections also drive national progress - in economies, societies and across entire regions.

Connecting businesses to a global base

Malaysia’s capital market has supported the creation of regional champions and global players - household names such as AirAsia, Maybank, Sime Darby, IHH Healthcare, Maxis, Axiata, CIMB and Public Bank. They’ve grown, captured profitable segments and delivered strong value propositions for the stakeholders. They also provide many opportunities to harness and groom the capabilities of Malaysian talent. Today, they operate in sectors as varied as electronic, manufacturing, and chemicals, to packaged foods and even hospitality.

The value created is far-reaching and mutually beneficial - they provide employment and talent development across a broad segment of Malaysian society. They also signal an openness and willingness to grow, collaborate and trade with an increasingly borderless world. Building sustainably upon these strengths would see us welcoming higher-value added businesses - a powerful value proposition and broad driver for the nation’s development.

Connecting to the future

The lifeblood of a nation’s economy, nimble and highly-motivated SMEs have the opportunity to become future regional and global champions. Flush with ideas and energy, SMEs need the capital market to help connect and drive these critical ingredients and also provide greater visibility and awareness.

Malaysian SMEs already contribute over a third of the nation’s GDP, and continue to grow. To meet the requirements of listed companies, they develop robust business disciplines through practices such as good corporate governance and material economic, environmental and social risk opportunity assessments. For SMEs, these efforts help

strengthen their business models and competitiveness at a crucial stage in their development.

Connecting Malaysians to the idea of investing

Imagine a nation of savvy investors who understand and appreciate the purpose of investing, and can harness it well over the long term. Bursa Malaysia has dedicated much effort and resources into developing opportunities to help investors of all sizes and experience levels. There are various products that provide appropriate exposure, catering to different risk appetites and sophistication.

As evident in developed markets, investor education plays a key role in creating a wider group of astute investors. Bursa Malaysia conducts numerous investor education programmes via several platforms - seminars, workshops and digital resources. Every day, we reach more Malaysians - enabling, enhancing and grooming their ability to function as mature and well-informed investors.

Connecting innovation to progress

Innovation isn't always about the newest. Sometimes, it's about building the right connections between strengths that exist, and nascent long-term trends.

An example is Islamic finance. A long-recognised leader, Bursa Malaysia continues to build upon this success, launching a number of innovations - for example, Bursa Malaysia-i (the world's first end-to-end syariah investing platform which incorporates the full range of exchange-related services), and BSAS (the world's first end-to-end syariah-compliant, commodity Murabahah trading platform). These novel syariah investing platforms have quickly garnered global recognition.

Quite importantly, these markets also help connect us to the movement amongst international investors towards SRI or socially responsible investing. Closely related, Shariah compliant investing and SRI share a number of common principles.

They both aim to develop sustainable business practices that create positive benefits across society, in addition to promoting transparent, mutually-beneficial and balanced development.

Another connection comes from Malaysian Crude Palm Oil Futures (FCPO) contracts, a global benchmark for many decades now. Price predictability and stability in a commodity of this nature impacts an immensely long value chain with far-reaching effects. Literally, it maintains economic value and make social opportunities sustainable all the way from farm to fork.

A recent innovation is the LEAP market, which provides greater accessibility to capital and visibility that can help entrepreneurs see through their challenges and drive growth. Although still 'young', as at end 2018, companies listed in LEAP have seen their market capitalisation increase by 49% on average.

Making it possible through ambition, purpose and clarity

Seeing a market as a series of far-reaching connections between capital, business and society provides a check-point. The scale of what a well-run, liberalised and innovative capital market can provide for the nation is immense, and humbling in many ways.

We can always look at the world-leading innovations that are now in place, the notable global and regional champions we have helped build, the innovations that help us swim with the current of global investing practices and the efforts to groom future champions amongst the entrepreneurial-minded.

Bursa Malaysia will continue to capitalise on our strengths to bring forth even more development.

We aspire to create even more of these kinds of connections, across a wider group of parties, and give them the right shape and form that they may reach deeper into society and deliver the kind of value that continues to build for generations.

In short, creating opportunities and growing value is a lifelong pursuit. But it is a purpose that we at Bursa Malaysia take to heart, as we put our minds and souls into developing the connections that bring it all together.

“Modern problems surely require new solutions. Let’s see things afresh, and work together from there.” Datuk Umar Swift, CEO of Bursa Malaysia.