Fund-raising activities to slow down this year

SC expects RM75bil to be raised in bonds and stock market

KUALA LUMPUR: The Securities Commission (SC) expects fund raising activities in the bonds and stock market to slow down to RM75bil in 2015, down from an average of RM90bil a year seen the past few years.

Weak market conditions had forced some companies to put off their fund raising plans.

The ringgit had fallen 17.7% to 4.248 against the US dollar year-to-date, while the benchmark FTSE Bursa Malaysia KL Composite Index was down 9% to 1,602 points.

RAM Ratings, in a recent report, expects private debt securities (PDS) issuance will decelerate to a range of RM75bil-RM85bil this year, compared with around RM86bil in 2014.

In the equity market, the number of initial public offerings had dwindled this year, as some companies including Sime Darby Bhd shelved a plan to sell new shares in its motor unit.

SC chairman Datuk Ranjit Singh, however, believes that the market would "pick up" itself, as the situation in the market calms down.

"Most of the fund managers we spoke to earlier acknowledged that Malaysia has built a very strong financial and capital market," he said at the sidelines of World Capital Market Symposium.

Earlier, the SC launched the "Alliance of FinTech Community" (aFINity@SC), an initiative to catalyse greater interest towards the development of financial technology.

The initiative, aFINity@Sc seeks to drive a network of financial technology stakeholders to accelerate growth and innovation in this industry.

In its capacity as chair of the Malaysian Venture Capital Development Council, the SC will coordinate with other authorities to pursue key deliverables which include raising awareness, forming hubs to organise and nurture the financial technology ecosystem and providing policy and regulatory clarity to promote responsible financial innovation in this sector.

The SC will seek participation to generate response and expressions of interest from relevant stakeholders, including innovators, entrepreneurs, established businesses, investors and other authorities to chart the financial technology agenda together for Malaysia.

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aFINity@SC will also assist firms in navigating the regulatory environment by facilitating discussions between businesses and relevant authorities to ensure that potential regulatory and risk concerns are appropriately taken into consideration.

In his speech earlier, Ranjit said Fintech, the widely-used moniker for financial technology, was not only a growing trend but one which is here to stay – given its significant potential to disrupt the business model of incumbents and appeal to a wider audience by promising user-friendly services that transcend demographic, geographical and infrastructure barriers.

"Given the promise of fintech, it is not surprising to see policymakers from a number of jurisdictions playing an active role in encouraging the development of this industry. In the United Kingdom and Australia, for example, initiatives such as the Financial Conduct Authority's Project Innovate and Sydney's Financial Services Knowledge Hub are helping to build a conducive ecosystem to foster aspiring entrepreneurs," he said.

Ranjit said Malaysia became the first country in the region to legislate equity crowdfunding this year, with six platform operators registered so far.

Ranjit Singh: 'Most fund managers acknowledge Malaysia has built a very strong financial and capital market."

He noted that it was clear that the on-going wave of fintech innovation offers tremendous scope for expansion and, in the US alone, has been estimated to divert US$4.7 trillion in revenue from traditional financial services providers.

Ranjit said for the anticipated growth in fintech to become a reality, it was essential for policymakers and the private sector to work together in nurturing this nascent segment of the market.

"As a regulator, I strongly believe that that we could play a facilitative role in a number of ways – be it by assisting businesses in navigating the regulatory environment, sponsoring accelerator programmes or strengthening the venture capital and private equity ecosystem to provide much-needed financing for fintech entrepreneurs," he said.