

SC: Confidence in market still strong

> Markets are prone to adjusting but they will correct themselves and will pick up again, says chairman

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KUALA LUMPUR: Investor confidence in the Malaysian capital market continues to hold with sentiment expected to pick up despite the recent political uncertainty and the weakening of the ringgit.

Securities Commission (SC) chairman Datuk Ranjit Ajit Singh (pix) said continued market confidence is demonstrated by the fact that the country has a net sales position in mutual funds.

He said the Malaysian fund management industry continues to grow, with investors continuing to invest in funds, while fund launches are also ongoing.

"People recognise that the market and economic fundamentals of Malaysia are strong. Most fund managers do acknowledge that Malaysia has built strong financial and capital market systems. Markets are prone to adjusting but they'll correct themselves and markets will pick up again," Ranjit told reporters at the World Capital Markets Symposium 2015 here yesterday.

He said volatility in the emerging markets is a global phenomenon and is affecting many emerging markets around the world.



"Volatility in markets today is a given. Any market that is open and is committed to having investor participation, both domestic and foreign must be prepared to face volatility."

He said Malaysia has demonstrated that its market is resilient and has developed a diversified financial system as well as being able to address (issues) in an orderly manner.

"We have a RM1 trillion bond market and a RM1.7 trillion equity market. We have domestic, institutional pools of liquidity, which are close to RM600 billion to RM700 billion.

"All these have been seen by many market observers as providing resilience to the Malaysian markets. That allows us to manage the volatility and at the same time we must continue to pursue growth strategies to grow our markets and to encourage more participation," said Ranjit.

He believed that the overall pipeline for capital raising, including equities and bonds, will be about RM75 billion for the year.

"The substantial portion is in the bond market, which is in the order of RM70 billion and about RM4 billion to RM5 billion in the equities side. This is encouraging given the overall environment to have a pipeline of about

RM75 billion for the year," Ranjit said, adding that capital raised from initial public offerings and the bond market in the last few years stood at about RM90 billion.

Meanwhile, the SC launched the Alliance of FinTech Community or aFINity@SC, an initiative to catalyse greater interest towards the development of financial technology (fintech). The establishment of aFINity@SC seeks to drive a network of fintech stakeholders to accelerate growth and innovation in this industry.

In its capacity as chair of the Malaysian Venture Capital Development Council, the SC will work with other authorities on raising awareness, forming hubs to organise and nurture the fintech ecosystem, as well as providing policy and regulatory clarity to promote responsible financial innovation.

As a start, the SC will issue a call for participation to generate response and expressions of interest from relevant stakeholders, including innovators, entrepreneurs, established businesses, investors and other authorities, to chart the fintech agenda for Malaysia.

In another development, global asset manager Amundi announced its entry into the distribution market in Malaysia with the launch of its two wholesale feeder funds - the Amundi Bond Global Aggregate Fund and the Amundi International Fund.

Amundi Malaysia currently has over US\$4 billion (RM17 billion) of asset under management.