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For Immediate Release

PRESS RELEASE

Crowdfunding Malaysia's Sharing Economy

New AIF research report looks at digital financing alternative for micro, small and medium enterprises

KUALA LUMPUR, Malaysia – 1 November 2017 – A new research study launched today by the Asian Institute of Finance (AIF) reveals that crowdfunding is expected to accelerate in the near future as a critical source of alternative financing for micro, small and medium enterprises (SMEs) in Malaysia.

Entitled "Crowdfunding Malaysia's Sharing Economy: Alternative Financing for Micro, Small and Medium Enterprises", the report describes a vibrant crowdfunding environment emerging in Malaysia following Bank Negara Malaysia's (BNM) policy support for alternative financing and the Securities Commission Malaysia's (SC) introduction of regulatory frameworks for equity crowdfunding (ECF) in 2015 and peer-to-peer financing (P2P) in 2016.

The research findings suggest that crowdfunding has grown in earnest in Malaysia since the introduction of the ECF and P2P regulatory frameworks and the appointment by SC of six platform operators for each in 2015-2016. BNM also views it as a crucial financing alternative for the more than 900,000 SMEs in Malaysia, whose development is a top priority for the government.

According to Mr Wong Kah Meng, CEO of Funding Societies (a P2P operator), "This well-researched report provides a useful local perspective on the early development of the alternative financing and investing landscape in Malaysia; and more importantly, highlights the key challenges and hopefully initiates the much-needed set of discussions amongst industry participants and regulators, both locally and regionally, to support the development of this promising yet nascent industry."

"Being a regional P2P financing platform, we are navigating similar challenges across Southeast Asia, making the insights from this report very relevant to the broader region as well," he added.

Mr Daniel Goettfert, CEO of FundedByMe Malaysia (an ECF operator) commented, "AIF's analysis of the Malaysian crowdfunding landscape highlights the importance of key contributors like the regulators (SC) and policy makers who are keen to nurture innovations in finance, as well as the role of platform operators in providing a regulated online marketplace to bring entrepreneurs and investors together. The FundedByMe and Alixco P2P team strongly believe that this report will raise the visibility of equity crowdfunding and P2P financing in the Malaysian market."

Dr Raymond Madden, CEO of AIF said, "Small businesses and start-ups are excited by the prospects of crowdfunding, the pool of retail and sophisticated investors is expanding and public awareness of its benefits is on the rise. In line with global and regional trends, we expect growth for crowdfunding in Malaysia in the coming years, subject to further strengthening of its ecosystem."

In facilitating the future growth of crowdfunding in Malaysia, the key priorities include building an informed community among small business owners and the general public, grooming entrepreneurs, enlarging the investor pool, elevating the profiles of platform operators, increasing project pipeline flows, and reinforcing synergies among institutions dedicated to SME promotion.

The report is based on a two-phase research study consisting of a quantitative survey of the public and SME entrepreneurs within the Klang Valley, as well as desk research and consultations with crowdfunding platform operators, government agencies/institutions, sophisticated investors and start-up entrepreneurs.

For more information on the research report, please visit www.aif.org.my

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About the Asian Institute of Finance

Asian Institute of Finance (AIF) is a think tank jointly established by Bank Negara Malaysia and the Securities Commission Malaysia to enhance human capital development and talent management across the financial services industry in Asia.

The Institute believes in the importance of attracting, developing and retaining talented individuals towards ensuring the development and sustainability of the industry. It advocates these principles via domestic and regional alliances with industry, multilateral organisations and applied research institutes with the sole aim of researching and producing thought leadership on human capital and talent management.

AIF works closely with our Affiliate Institutes, namely Asian Banking School, Asian Institute of Chartered Bankers, Chartered Institute of Islamic Finance Professionals, Islamic Banking and Finance Institute Malaysia, The Malaysian Insurance Institute and Securities Industry Development Corporation, through our research, thought leadership, professional standards and capacity building initiatives.

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