

## Going Forward

Our focus for 2022 will be in line with the developmental and regulatory priorities outlined in the Blueprint. For more information on the Blueprint, please refer to the article below.

The Bank is committed to elevate the financial well-being and resilience of households and businesses. We will continue to address the financial inclusion gaps, focusing on higher take-up rates alongside more responsible usage of financial products and services to enhance overall well-being.

Enhancing access to financial services for the underserved segments and ensuring that financing needs of businesses are met remain our key priorities. To diversify the range of funding instruments tailored to the broad spectrum of SMEs

and MTCs, the Bank continuously collaborates with the Securities Commission Malaysia in advancing the development of alternative finance.

To further close these financing gaps, we will also focus on fostering market dynamism in the retail banking value chain – expanding choices for financial consumers and removing market frictions. Greater dynamism can be achieved through the operationalisation of the licensed digital banks and the implementation of the Open Data strategy.

We will also strengthen financial protection for households and businesses by undertaking various reforms. This includes improving the efficiency of processing motor claims, raising the quality of services for insurance policyholders, and ensuring long-term sustainability and affordability of private medical and health insurance/takaful.

## Financial Sector Blueprint 2022-2026

The Financial Sector Blueprint 2022-2026 (Blueprint) was launched on 24 January 2022. It sets out the Bank's approach to financial development in the next five years. This is supported by key strategic thrusts to spearhead the desired outcomes and targets envisioned for the financial sector in 2026 (Diagram 13).

The Financial Sector Masterplan 2001-2010 and Financial Sector Blueprint 2011-2020 were key in strengthening the foundation for Malaysia's financial development journey. Today, Malaysia's financial sector is more advanced and competitive. To effectively navigate uncertain times in the path ahead, the sector must continue serving the Malaysian economy from a position of strength. A financial sector that is agile, resilient and diversified is critical to support a sustainable economic recovery and facilitate economic reforms over the longer term. Financial institutions must keep pace with emerging needs of households and businesses while responding effectively to a wide range of scenarios.

The Blueprint aims to create an enabling environment for the next phase of development. Importantly, it seeks to ensure that finance continues to serve the needs of the real economy – that is, to improve lives and livelihoods.

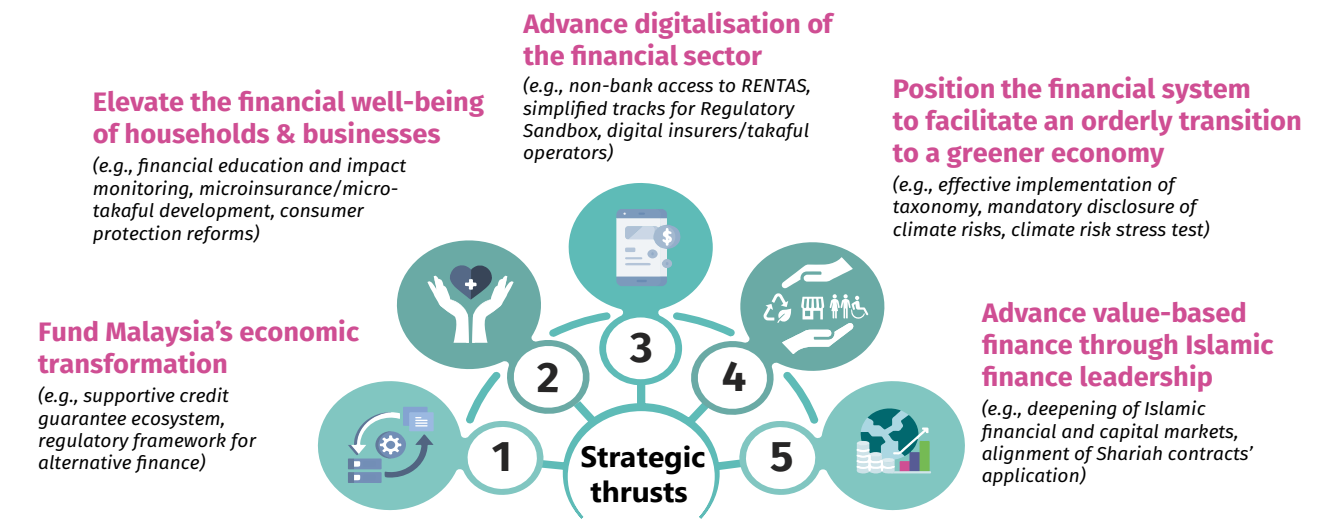
Our regulatory efforts will focus on fostering the right conditions for market dynamism and sustainable development outcomes. We will seek to remove undue barriers to competition and innovation, as well as to address market gaps and failures. Priority will be given to ensure the effectiveness of three key market mechanisms:

- Ecosystem enablers. Promote 'co-opetition' efforts for critical ecosystem enablers;
- Market access. Address undue barriers to market entry, while ensuring orderly exit; and
- Market discipline. Strengthen conditions for market discipline and consumer empowerment.

We will also intensively promote sustainable development objectives. This includes advancing value-based intermediation, financial inclusion, climate resilience and environmental sustainability. Across these efforts, the Bank continues to be firmly anchored on its monetary and financial stability mandates.

Harnessing the benefits of developments made in the past two decades, the financial industry is well positioned to play a stronger role in leading economic and financial transformation in the coming years. At the same time, achieving the outcomes envisioned demands the support and involvement of many. The Bank will continuously engage and work with all stakeholders for this purpose.

Diagram 13: Overview of the Financial Sector Blueprint 2022-2026



## Desired outcomes and targets for 2026

### Three broad themes



#### Finance for all

- ✓ Diverse choices for customers, including 'digital first' solutions
- ✓ Strengthened financial safety nets
- ✓ Confident and capable financial consumers



#### Finance for transformation

- ✓ Growth in alternative finance
- ✓ Deeper global integration, with continued leadership as an international gateway for Islamic finance
- ✓ Vibrant and dynamic financial landscape



#### Finance for sustainability

- ✓ Wider adoption of value-based intermediation (VBI) to serve the economy, community and environment
- ✓ Steady progress in greening finance and financing green

### Key targets and milestones\*

- Narrowing of gap between Malaysia's **OECD/INFE financial literacy scores** and the average score of OECD members
- Increase in **e-payment per capita** at CAGR of higher than 15%
- **Insurance/takaful penetration** rate of 4.8% - 5.0% (as % of GDP)
- Doubling of number of individuals subscribed to **microinsurance/microtakaful**
- Enactment of **consumer credit law and oversight body**
- Single **licensing regime** for financial advisors and financial planners
- Steady growth in **alternative finance** channelled to new, innovative enterprises
- Faster, cheaper, more accessible **cross-border payments**
- More than 50% of new financing is for **green and transitioning activities**
- Steady growth in **VBI-aligned assets**

\* Selected areas, not representative of the Blueprint as a whole

Source: Financial Sector Blueprint 2022-2026