

Speech by
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at the
Opening Ceremony
MFPC 2006 Financial Planning Road Show
22 April 2006
Bank Negara Malaysia, Kuala Lumpur

Mr.Ng Lian Lu
President of MFPC

Mr.Kenny Chong
Organising Chairman of 2006 MFPC Financial Planning Road Show

VIPs,
MFPC National Council Members,
Distinguished guests,
Members of the Media,
Ladies and Gentlemen,

I would like to extend my thanks to the Malaysian Financial Planning Council for kindly inviting me to deliver the keynote address today and launch the MFPC 2006 Financial Planning Road Show. Congratulation is in order for their success in organising this very timely event.

This road show could not have come at a better time given the increasing interest among Malaysians to understand and apply financial planning principles. As a regulator, Bank Negara has paved the way forward for financial planners and consultants to establish their integrity, independence, quality and scope of their financial planning services.

With the proliferation of new innovative products in the past year, financial planning practitioners are only recently starting to realise the tremendous opportunities that lie ahead in tapping a more educated and larger consumer market. It is also thanks to the efforts of financial planners in co-operation

with the media, that many Malaysians today appreciate the need for professional guidance in managing their personal finances.

MFPC's initiative to organise this road show is in line with Bank Negara's and the Securities Commission's (SC) objectives, as outlined in the Capital Market Master Plan, to enhance the vibrancy and growth of the domestic capital market.

The supply side of the industry

As you all know, the role of the regulator in the financial planning landscape is similar to that of a facilitator and gatekeeper. In today's dynamic world of globalized financial markets, local financial planners have to take the lead in branding themselves before the onset of full market liberalisation takes place. It is therefore significant and timely that the MFPC is focusing on educating the young generation on financial planning services in this nation-wide road show.

Why is the young generation an important segment of the financial planning industry? After all, young people tend to be less financially literate than their elders and they also have the least financial resources to manage.

On the contrary, I believe that young people (categorised as those below 30 years old) are the nation's greatest hidden wealth. If financial planning is about managing wealth, then educating and preparing our young generation about managing future wealth is one of the key responsibilities of financial planners. The young people of today have tremendous intangible wealth which, given the proper education and application of sound financial planning principles, can be transformed into financial wealth in the future.

Any financial planner who plans to thrive in the next two decades cannot, therefore, afford to underestimate the potential of the youth market. Given the demographics of our country with two thirds of the population below 30 years old, a large proportion of our young workforce will enter their middle age in the coming decade. Although they will start accumulating financial wealth in their middle age, they can already start planning at an early age to set financial goals at each stage of their life cycle.

The demand side of the industry

Having discussed the opportunities of the demand side of the industry, we can now take a quick look at the supply side. The increase of the threshold for investing in overseas markets (from 10% to 30%) in April 2005 and the depeg of the Ringgit from the U.S. dollar in July 2005 have widened the scope of the financial planning services.

Following the lifting of investment thresholds last year, 13 out of a total 51 new unit trust funds launched in 2005 were global funds that invested in overseas markets, either directly or via alliances with foreign partners. Looking forward, the demand for global and regional funds is set to gather pace this year. With the guidance of financial planners, Malaysians will become more familiar with the risk and potential return of global investments in the coming months. Local financial planners therefore have an important role in helping Malaysians rise up the learning curve in enhancing their investment portfolios.

Other key measures introduced by Bank Negara and the SC in 2005 to enhance the capital market include the relaxation of foreign exchange administration rules for local investors to invest in offshore currency deposits, the relaxation of guidelines on Real Estate Investment Trusts (REITs) and Exchange Traded Products (ETFs). These measures represent a growing trend towards greater liberalisation and sophistication of the capital market.

Ladies and gentlemen,

It is undeniable that there is a lack of publishes information on financial planning in the market today. Whilst a few notable and commendable publications are widely available on the newsstand, it is a welcome to see a publication focusing specifically on financial planning. As mentioned by Mr Ng Lian Lu, any additional channel to promote financial planning to as many as possible should be seen as an improvement to the industry. This is truly a timely two-pronged educational effort by MFPC with the road show providing a face-to-face connection with the target audience and Financial First magazine, providing a continuous flow of information. I commend the Malaysian Financial Planning Council and its efforts.

In conclusion, given this favorable combination of demand and supply factors, financial planners and practitioners will have many opportunities to enhance the quality and scope of their services in the coming years as more new investment products are launched in Malaysia.

In closing, it is my sincere hope that this nation-wide 2006 Financial Planning Road Show will inspire Malaysians and in particular the younger generation, to explore the opportunities of managing their current and future wealth. And while you are learning new things about financial planning and its joy, do not forget to enjoy yourself.

Ladies & Gentlemen, I hereby declare open the Malaysian Financial Planning Council 2006 Financial Planning Road Show and launch the council's financial management magazine, Financial First.

Thank you.