

# Impact of global crisis on malaysia's financial system



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BUSTER**

A Moment with MFPC President:

Malaysian Financial Planning Council (MFPC) continued to uphold in 2016 its objective of promoting financial planning education programme and services align with the mission to certify financial planners and uplift their professionalism.

Throughout the challenges in year 2016, the achievements will spur us on together to attain greater and better success in our contribution towards the growth and development of the financial planning education and industry in future. I could say that this year will be a very fast-moving year for us but I believe we will come out of it wiser and stronger through hard-hitting times besides the pain we feel, we are always reminded of our humanity plus our renewed faith in the kindness of people around us.

Malaysia was however not separated from the global economic downturn. The declining global economic conditions and the major correction in product prices in the year of 2016 saw Malaysia's GDP moderate to increase slowly compare to previous months ago. We could see the initiative and tactical measures taken by Bank Negara Malaysia (BNM) to sustain the access to financing and simplicity any impact of the sharp risk aversion among banks. The financial intermediation process in the Malaysian financial system has remained orderly throughout the period of economic turbulence which we could see it was a critical influence in ensuring the continued flow of funds into the economy besides than providing support to borrowers confronting temporary cash flow tension.

In general, the Malaysian banking system entered the current global financial and economic crisis from a much stronger position compared to the Asian financial crisis. The merging and restructuring of the banking industry together with improvements in the governance structure, risk management framework, infrastructure and practices, as well as the capacity building undertaken as part of the banking sector have significantly strengthened the foundations for financial stability. Moreover, the Malaysian banking system operates within an expanded financial system, with a developed capital market of RM 2. 9 trillion.

4<sup>th</sup> Malaysian general election(GE14), Political Conflict and Financial Situation in Malaysia.

Since its independence, Malaysia has undergone thirteen episodes of general election and the 13<sup>th</sup> Parliament of Malaysia will automatically dissolve on 24<sup>th</sup> June 2018. Thus, the next Malaysia general election is around the corner and the upcoming GE14 leaves many important questions unanswered.

During the last two episodes of general election, the competition among the National Front (Barisan Nasional) coalition and the People's Alliance (Pakatan Harapan) was so close that the chance of winning was 50-50. The political wave changes in Malaysia raised questions regarding the health of the investment fund, and more importantly, around how exposed Malaysian financial markets are to risks stemming after the election. Moreover, the instability of Malaysian politics had impacted investor's to pull out in

Malaysia economy and it could bring a huge impact to personal finance in many ways such as the increase or decrease in tax.

Debts among Us: What went wrong?

Malaysian are finding themselves living on the fringes of debt. A question to us? What is actually happening? Is it due to the economic turndown or Malaysian today is still living in the fantasy world of buying now paying later? With the rising costs of living, loan has become an important financing tool for Malaysian from all income levels. Thus, they will actually create debts the moment they applied for loans and higher purchase loans responsible for the increase number of debt cases in Malaysia.

What is Coming Next?

Soon, in the month of April, we will recognise our graduates at the 7th MFPC Graduation ceremony at Putra World Trade Centre (PWTC), Kuala Lumpur. Their continuous hard work, commitment and pursuit of financial competency will be honoured and commemorated on 15<sup>th</sup> April 2017. These graduates will assist in further appropriating the expansion of financial planning and the growth of the financial sector. We shall continue to set fundamentals for nation requirements and ensure that RFP and Shariah RFP designation remain exclusive.

MFPC will constantly review and keeping ourselves well-informed of development as to preserve in an ever changing environment. On 15th May 2017, MFPC will be holding the Annual General Meeting where we will

sharing with you more on our plans and activities towards the accomplishment of our corporate vision for year 2017.

Last term as MFPC President

Malaysian Financial Planning Council is underpinned by its constitution, Advisory Board and National Council Members that gives selflessly time and expertise. Being a part of MFPC has given me the responsiveness for what it takes to run a company such as Malaysian Financial Planning Council; the strategic and financial planning that is required - while at the same time keeping all the stakeholders happy, maintaining the honor and integrity of our council vision, while still being open to innovative change. It has been a significant learning curve for me and one which I undoubtedly learned a great deal from.

As MFPC strives to build on its achievements, it is mindful that it has been privileged to have the support and friendship of many individuals, organizations and government entities - both in Malaysia and beyond. We thank our friends and partners for collaborating with us throughout my terms, and we look forward to their continuing support.