



## **PRESS RELEASE**

### **THE UNVEILING OF LABUAN INTERNATIONAL BUSINESS AND FINANCIAL CENTRE STRATEGIC ROADMAP 2022-2026**

PUTRAJAYA, June 16, 2022 – The Labuan International Business and Financial Centre (“Labuan IBFC”) Strategic Roadmap 2022-2026 was officially unveiled by YB Senator Tengku Datuk Seri Utama Zafrul Tengku Abdul Aziz, Minister of Finance Malaysia, marking another milestone for Labuan Financial Services Authority (“Labuan FSA”) in charting the way forward for the development and progress of the Labuan LIBFC over the next five years.

The main aspiration under the 5-year Strategic Roadmap is to transform the Labuan IBFC into a dynamic and sustainable international centre that links and supports the economic growth of Asia’s markets and contributes to the national economy.

The development of the Strategic Roadmap is anchored on the existing strengths and emerging niches of the Labuan IBFC. It sets out the priorities to foster market sustainability and dynamism by embracing digital innovation and revitalising key business sectors and niches to intensify market growth. The Strategic Roadmap will also place particular focus on the enhancement and upscaling of Labuan FSA’s regulatory and supervisory functions in order to ensure orderly business growth and market stability in the Centre.

To achieve the desired objectives, the Strategic Roadmap has outlined five strategic thrusts that will drive and expand the business frontier, as well as upscaling the regulatory and supervisory capabilities of the Centre:

- **Thrust 1: Increase market innovations and vibrancy** by revitalising niche and prospective business sectors through digital solutions and meeting the needs of the underserved and untapped markets;
- **Thrust 2: Promote market facilitation and visibility** by improving the market ecosystem, promoting intra-Labuan market synergies and strengthening strategic ties with key stakeholders to increase the visibility of Labuan IBFC's;
- **Thrust 3: Enhance Labuan IBFC's complementary roles to Malaysia**; by providing additional financial capacity and further strengthening Malaysia's international ties with Asia;
- **Thrust 4: Implement relevant and proportionate regulations** through on-going upscaling of the prudential regulatory and legal framework in accordance with international standards. This will address any emerging risks and maintain the Centre's stability and soundness; and
- **Thrust 5: Undertake pre-emptive supervision and enforcement** by using digital technology to modernise supervisory approaches to ensure timely monitor and address market concerns.

The strategies underpinning the Strategic Roadmap are prioritised based on their criticality to the Centre's expansion objectives especially for targeted developmental market segments. The strategic initiatives are planned from three dimensions as follows:

- i. to promote greater market development and business expansion for Labuan IBFC key target sectors such as digital financial business, Islamic finance and captive insurance;
- ii. to strengthen Labuan IBFC as a well-regulated and internationally-compliant jurisdiction against prevailing regulatory and tax standards; and
- iii. to enhance Labuan FSA's internal capabilities as an adaptive and agile organisation to match the evolving market changes and expectations.

The Minister of Finance, YB Senator Tengku Datuk Seri Utama Zafrul Tengku Abdul Aziz in his speech said “The Centre must build on its good track record of success, and take its competitiveness to the next level through business innovations and forward-thinking strategies”.

The Minister of Finance also envisaged an increasingly significant role for Labuan as a fund raising and investment hub in the global digital space that is Shariah compliant and underpinned by a comprehensive set of laws and regulations. The Minister said “The strategic goal is to attract more digital asset and fintech players to Labuan, as well as to carve out a niche in the digital Islamic finance space”.

Under the Strategic Roadmap, one of the key focus areas is to enhance Labuan as the preferred jurisdiction which offers a wider range of innovative digital-based solutions that are also Shariah-compliant as well as Environmental, Social and Governance (ESG) compliant; supported by a well-supervised regulatory and tax regime.

The Chairman of Labuan FSA, Datuk Siti Zainab Omar in her welcome address said “In view of emerging challenges, changing market trends, and the need to remain innovative and competitive, a clear strategic plan is important to lay out the game plan and align all those involved from the Government and regulators to IBFC players and international investors. With clarity of vision and purpose, Labuan IBFC will be able to make great strides for the benefit of all participants, strengthening established market sectors whilst creating new niches and opportunities”.

On the future outlook of the Labuan IBFC, Datuk Siti Zainab also remarked “looking ahead, the prospects of Labuan IBFC will remain favourable and yet challenging. With the continuous support of the Government, in particular the Ministry of Finance, Central Bank of Malaysia, Securities Commission Malaysia, Companies Commission of Malaysia, Attorney General’s Chambers, Inland Revenue Board and Labuan’s financial community, we are confident that the future will see further expansion in the activities of the Labuan IBFC”.

Labuan FSA is confident that the initiatives laid out in the Strategic Roadmap would chart a new chapter of growth for Labuan IBFC over the next 5 years as the Centre continues to embrace the new Digital Economy. In the next phase of development, Labuan IBFC's growth prospects will be pursued more vigorously and Labuan FSA will continue to collaborate with Labuan industry associations, to ensure better facilitation in implementing the new requirements whilst ensuring business sustainability; and institute improvements within Labuan FSA. This effort will ensure it has the capability and means of carrying out its regulatory and supervisory roles effectively in managing the market charges and new norms.

**Labuan Financial Services Authority**

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