

LABUAN FSA 2026 STRATEGIC PLANS

Driving Growth through Regulatory Excellence &
Niche Proficiency

27 JANUARY 2026



AGENDA

1

Global Economic Outlook 2026

2

Reflecting on 2025 Major Milestones

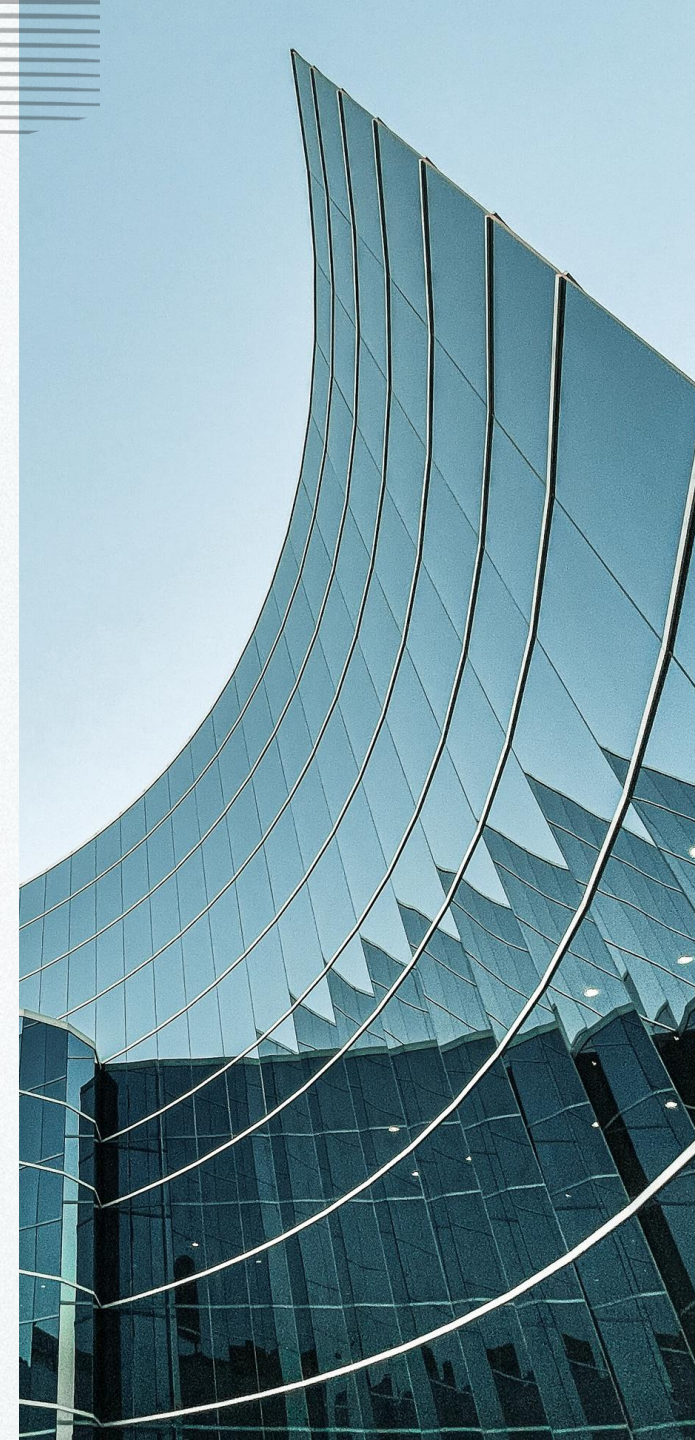
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Labuan FSA 2026 KPI Strategy House

4

Other Matters

2



Global Economic & Geopolitical Outlook 2026

2026 marks a transition from post-crisis adjustment to structural realignment.

GLOBAL MACROECONOMIC SNAPSHOT

GLOBAL

GDP GROWTH	~2.6–3.1%
INFLATION	~2.5–3.0%
MONETARY POLICY	Gradual easing from tight conditions

ASIA / EAST ASIA

GDP GROWTH	~4.0–4.5%
INFLATION	~2.0–2.5%
MONETARY POLICY	Policy flexibility to support growth

MALAYSIA

GDP GROWTH	~4.0–4.5%
INFLATION	~1.5–2.0%
MONETARY POLICY	Well-anchored, stability-focused



GLOBAL TREND OBSERVED

Digital Finance Moves from Innovation to Legislation

- **GENIUS Act (US) & MiCA (EU)**
- Asia accelerating tokenisation & digital asset frameworks



Digital finance are institutional and policy-led

Demand for Risk Solutions and Sustainable Finance

- Climate, cyber & supply-chain risks intensifying
- Carbon & ESG integration accelerating
- Capital allocation becoming risk-adjusted

Geopolitical Fragmentation is Structural

- US–China competition persists
- Trade and investment increasingly **regionalised**
- Firms seek **neutral, well-regulated jurisdictions**



IFCs play a bigger role as trusted cross-border platforms



Source: IMF World Economic Outlook; World Bank Global Economic Prospects; Asian Development Bank; US Congress; European Commission (MiCA); BIS

Emerging Financial Opportunities 2026

...Against this global backdrop, Labuan IBFC's strengths in captives, Islamic finance, wealth structuring and regulated digital finance remain highly relevant.

DIGITAL FINANCE & STABLECOINS

- US GENIUS Act + EU MiCA → Regulatory clarity for stablecoins & digital assets
- Tokenised assets: projected **USD 10–16 trillion by 2030**
- Asia: leading adoption in tokenised funds, bonds & custody

CAPTIVES & RISK SOLUTIONS

- Global protection gap widening (*climate, cyber, supply chain risks*)
- Insured losses from climate events **> USD 100bn annually** in recent years (*Swiss Re*)
- Corporates shifting to **Self-insurance**

ISLAMIC FINANCE

- Global Islamic finance assets projected **> USD 6 trillion by 2026**
- Strong **Asia–Middle East** capital flows
- Increasing alignment with **ESG & digital finance**

WEALTH MANAGEMENT

- Asia leads global HNWI growth (**~40% of global wealth**)
- Rising demand for:
 - Wealth & Succession planning
 - Innovative, cross-border structuring

SUSTAINABLE FINANCE & CARBON

- Global ESG AUM: projected **USD20–30 trillion by 2030**
- Carbon markets: expected **30–0% growth to 2030**
- Asia scaling voluntary & compliance carbon markets

Complement Malaysia's multi-hub IFC strategy as a mid-shore platform for structuring and cross-border activities.



SUMMARY OF 2025 MAJOR ACHIEVEMENTS

DIGITAL MARKET DEVELOPMENT

- Guidelines on Credit Token Business
- Guidelines on Management of Digital Money Broking Platform
- Wealth Management & Captain-Tech/Taka-Tech Handbook

CARBON MARKET & ESG FRAMEWORKS

- LiFE Joint Working Group established with industry associations
- Circular on Carbon Credit Trading & Related Activities

ENHANCED GOVERNANCE & LEGAL FRAMEWORKS

- Strengthened Beneficial Ownership framework
- Implemented Basel III capital adequacy framework
- Adopted UNCITRAL Cross-Border Insolvency Act 2025

ISLAMIC FINANCE LEADERSHIP

- World's first Climate Sukuk issued from Labuan (RMB200 million)
- IDAC-RAMZ ecosystem scaled to USD1.5 billion
- IDAC ecosystem promoted via World Bank and Fintech Malaysia platforms
- Recognised globally via GIFA Market Leadership Award and IFN nomination

TAX CERTAINTY FOR MARKET STABILITY

- Labuan SST status preserved
- Enhanced FTE regulations via IRBM guidelines
- Extended LITC Non-deductibility related tax exemptions (2026-2030)
- LITC and distribution tax exemptions extended (2026-2030)



STRATEGIC NATIONAL CONTRIBUTIONS

Celebrated Labuan IBFC's 35th Anniversary

Positive MEE outcome resulted as "regular follow-up"

First inclusion in GFCI 38, debuting 60th out of 120 financial centres.

Two (2) LFSA initiatives recognized in Malaysia Budget 2026



FATF MUTUAL EVALUATION

A Shared Milestone: FATF “Regular Follow-Up” Reinforces International Confidence in Labuan IBFC’s AML/CFT Framework

WHAT THIS MEANS FOR LABUAN IBFC

- ✓ Affirms Labuan IBFC’s robustness within Malaysia’s AML/CFT framework
- ✓ Demonstrates effective risk-based supervision and implementation
Aligned with national priorities under Malaysia’s NRA
- ✓ Strengthens Labuan’s global standing
Supporting continued cross-border business, correspondent relationships and market access.

A SHARED SUCCESS WITH THE LABUAN IBFC INDUSTRY

- 1 Strong institutional risk assessments and alignment with national risk priorities
- 2 Effective AML/CFT implementation in practice, beyond policy documentation
- 3 Enhanced Beneficial Ownership transparency, with accurate and up-to-date records
- 4 Improved quality and timeliness of STRs
- 5 Consistent screening and reporting for proliferation financing and terrorism financing

MALAYSIA BUDGET 2026 HIGHLIGHTS

LABUAN IBFC AS CAPTIVE INSURANCE HUB IN ASIA

“

Labuan IBFC will introduce the **MADANI Captive Insurance** Programme as a new national risk management tool, aimed at reducing reliance on government funding by implementing alternative risk solutions through a more efficient and cost-effective captive insurance and takaful platform ”



LABUAN IBFC AS DIGITAL ISLAMIC FINANCE HUB

“

Labuan IBFC is set to launch the **Global Sukuk Tokenisation Initiative**, aimed at digitising sukuk in a transparent manner and enabling their trading via digital exchanges within the jurisdiction. Additionally, the introduction of **Climate Sukuk** will support the financing of environmentally sustainable projects ”



YEAR-ON-YEAR OVERVIEW OF KEY PERFORMANCES

Overall ecosystem remains resilient, with scope for renewed growth drivers.

OPERATING COMPANIES

5,351



12% YoY Growth

2024: 4,783
2023: 4,788

SECTORS	2023	2024	2025
Bank	72	72	73
Insurance	235	228	232
Trust Company	69	67	66
Leasing	206	195	177
LITC	44	44	39
Money Broker	111	102	97
Fund Manager	50	49	45
Securities Licensee	25	24	26
Credit Token	20	15	13
Labuan Exchange	5	4	5
Company Management	14	10	6
Total DFS Operators	105	110	111



Ongoing sectoral adjustments reflect market maturity and regulatory alignment.

Opportunity to deepen Labuan IBFC's role as a hub for specialised and innovative financial services.



Labuan FSA 2026 KPI Strategy House

VISION

Labuan to be a vibrant and forward-looking International Business and Financial Centre (IBFC) with an Asian focus

MISSION

Labuan FSA shall ensure a sound, stable and dynamic Labuan International Business and Financial Centre for Asia, by committing to the highest principles and core values

Strategic Developments

**Market
Development
& Innovation**

**Regulatory
Development**

**Supervision &
Enforcement**

**Organisation
Enablers**

**Sustainability
& Resilience**

Operational Drivers (Improvements & Optimization)

KEY FOCUS AREA 1

MARKET DEVELOPMENT & INNOVATION

“ To position Labuan IBFC as a regional leader in digital finance, Islamic financial innovation and captive market.

We focus on delivering a complete and credible regulatory foundation for digital assets, expanding market depth for captive and insurance intermediaries, and strengthening global partnerships, especially within the Islamic financial ecosystem... ”



A

Development and operationalisation of new / revised digital finance frameworks

- ▶ Digital custodians | Payment system | Digital banks | Securities exchange | Stablecoins
- ▶ Resolve opening of bank account issues for digital players

B

Advance Islamic finance landscape through strengthening collaboration in business development, research and advocacy

- ▶ Development of the concept framework for Labuan IBFC Global Alliance
- ▶ Global Sukuk Tokenisation & Climate Sukuk Initiative

C

Deepening of Labuan Insurance industry

- ▶ Develop Exposure Draft for sandbox for Managing General Agents (MGAs)
- ▶ Enhance Labuan insurance broker permissible activities
- ▶ Follow-through Budget 2026 announcement in relation to MADANI Captive via facilitation of the establishment of 2 GLC captive (e.g., disaster risks & cyber security insurance)

KEY FOCUS AREA 2

REGULATORY DEVELOPMENTS

“ This focus area aim to deliver major regulatory frameworks that elevate and promote systemic stability across Labuan key financial sectors.



Strengthening Labuan IBFC's resiliency regulatory profile through continuous enhancements in prudential and AML/CFT frameworks & aligning with global standards. ”

A PRUDENTIAL REGULATIONS

- ▶ Develop Takaful Capital Adequacy Framework (TCAF)
- ▶ Effect Basel III rollout via enhanced reporting and Internal Capital Adequacy Assessment
- ▶ Issue Outsourcing framework for Labuan trust companies
- ▶ Facilitate IFRS Implementation

B AML/CFT REGULATIONS

- ▶ Review AML/CFT Framework to address AMLA recent revisions and ME's Key Recommendations
- ▶ Expand mechanism for Discrepancy Reporting of Beneficial Ownership information

KEY FOCUS AREA 3

IMPROVING OPERATIONAL EFFICIENCIES

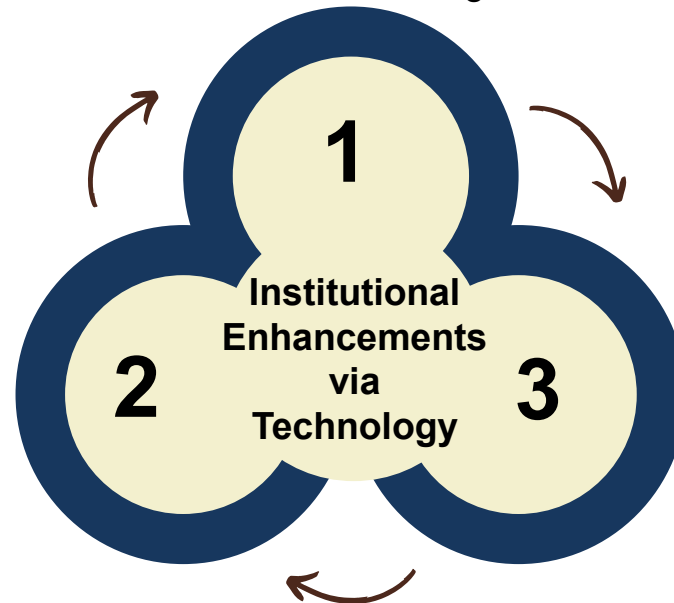
“ Strengthening Labuan FSA’s operational capacities & efficiencies to ensure resiliency, agility and strategically aligned with future market demands. ”

Next-Generation Registry System

- a) Unified platform integrating COR@L, PEARL/REEFS, LEPAY.
- b) The introduction of another mode of payment in COR@L 2.0.
- c) Built-in validation of data to eliminate error during data entry
- d) Dashboard for LTC for their client management in COR@L 2.0

Digitalising Licensing Application System

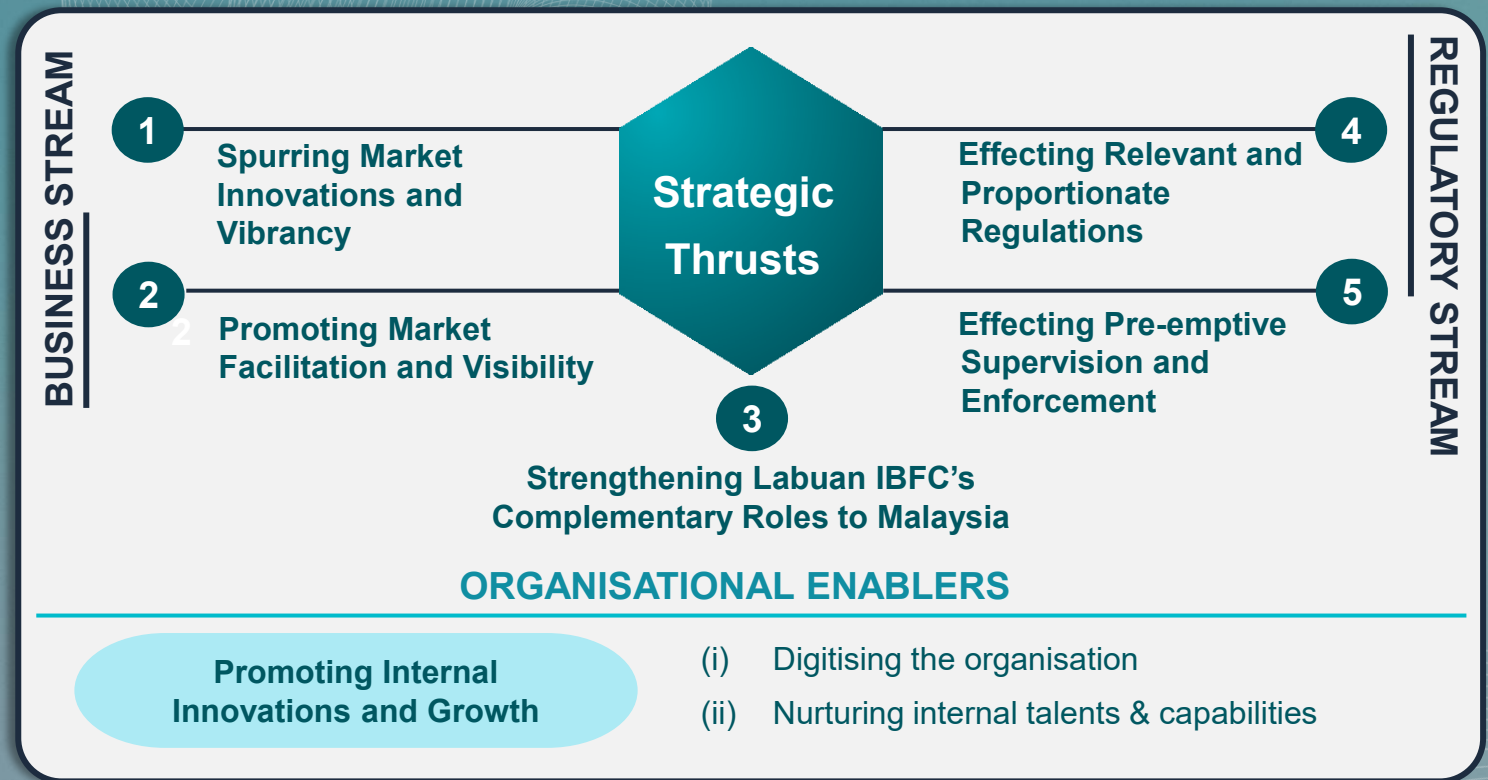
- a) Introducing Online Licensing Application (OLA) v1.0 for faster, paperless processing.
- b) Dedicated liaison officer for licensing application.



Strengthened Governance & Compliance

- a) Introducing Enforcement Monitoring System (EMS) v1.0
- b) Introducing Supervision Intelligence System (SIS) v2.0 to support transparent and risk-based oversight.

Labuan IBFC Strategic Roadmap 2022-2026



READY FOR THE FUTURE

With the current Roadmap concluding in 2026, Labuan FSA is formulating the next five-year roadmap
TO BE RELEASED IN 2026

Ensuring continuity of strategic priorities and alignment with Malaysia's broader financial-sector ambitions.



OTHER MATTERS



What's Next: Labuan FSA's Tentative Events



Financial Literacy Awareness Programme

Q1

Q2

Q3

Q4

Bilateral Meeting with Labuan Associations

Q2

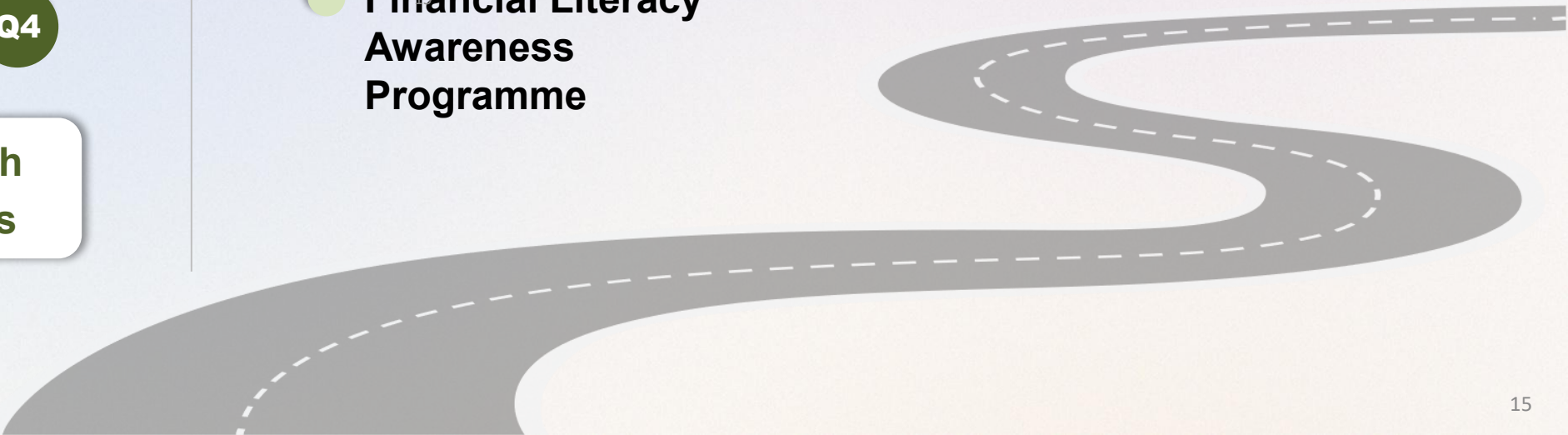
Q4

Q2

- Labuan FSA Hari Raya Open House
- Launching of Labuan IBFC Market Report 2025
- Financial Literacy Awareness Programme

Q4

- Lecture Series
- Industry Dinner & Golf Tournament
- Launch of Strategic Roadmap 2027-2031



Q1 2026 Key Events on Labuan Island

Organised by
Labuan Corporation

Kalendar HARI WILAYAH PERSEKUTUAN LABUAN 2026

17 Jan - 28 Feb 2026 Kempen Kibar Bendera Wilayah Persekutuan Sekitar WP Labuan Sepanjang Masa	17 Januari 2026 Majlis Pelancaran Kempen Kibar Bendera Wilayah Persekutuan peringkat WP Labuan Kompleks Sukan Laut Antarabangsa Labuan	17 Januari 2026 Tiktok Kreatif SHWP 2026 Atas Talian Sepanjang Masa
17 Januari 2026 PARTY CAKE @ WILAYAHKU Kompleks Sukan Laut Antarabangsa Labuan	17 Januari 2026 FUN WALK WILAYAHKU Kompleks Sukan Laut Antarabangsa Labuan 7.00 pagi	17 Januari 2026 TREASURE HUNT WILAYAHKU Kompleks Sukan Laut Antarabangsa Labuan 7.00 pagi
24 Januari 2026 Kempen BeST Mega WP Labuan Marina Awam 7.00 pagi	26 Jan - 28 Feb 2026 Program Pencahayaan Wilayah Persekutuan ShineFest 2026-Pertandingan Bercucuk 27 Buah Kampung	29 Januari 2026 Majlis Bacaan Yaasin dan Doa Selamat sempena SHWP Semua masjid & surau di Wilayah Persekutuan 8.00 malam
30 Januari 2026 Khutbah Jumaat Khas sempena SHWP Semua masjid & surau di Wilayah Persekutuan 1.00 tengahari	1 Februari 2026 Golf Hari Wilayah Labuan International Golf Club (LIGC)	7 Februari 2026 Perarakan Tanglung-FT Sparkling Nite Kompleks Sukan Laut Antarabangsa Labuan 7.00 malam
7 - 8 Februari 2026 Karnival Hari Terbuka Labuan Kompleks Sukan Laut Antarabangsa Labuan 7.00 malam – 9.00 malam	7-8 Februari 2026 Labuan International Tug of War Challenge SHWP 2026 Kompleks Sukan Laut Antarabangsa Labuan	7-8 Februari 2026 Pertandingan Memancing Pesisir Pantai TERBUKA SHWP 2026 Kompleks Sukan Laut Antarabangsa Labuan
13 Februari 2026 Labuan Bermunajat Masjid Jamek An-Nur 7.00 malam		

Kemäs kini Sehingga 6 Januari 2026



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THANK YOU FOR YOUR ATTENTION

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