

ADFIMI-SME BANK INTERNATIONAL DEVELOPMENT FORUM 2014

Oleh : YAB. DATO' SRI MOHD NAJIB BIN TUN HAJI ABDUL RAZAK, PERDANA  
MENTERI MALAYSIA

Tempat : Tamingsari Ballroom, Royale Chulan Hotel KL

Tarikh : 21/10/2014

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Bismillahirrahmanirrahim.

Assalamualaikum Warahmatullahi Wabarakatuh, Good Morning and Salam Satu  
Malaysia.

**His Excellency Sheikh Abdullah Saoud Al-Thani;**

The Governor of Qatar Central Bank,

**Yang Berbahagia Tan Sri Mohamed Khatib Abdul Hamid;**

Chairman,

Centre for Entrepreneur Development and Research,

**Yang Berbahagia Datuk Mohd Radzif Mohd Yunus;**

Group Managing Director,

SME Bank,

**Mr. Mehmet EminOzcan;**

Chairman of Association of National Development Finance Institutions in Member  
Countries of the Islamic Development Bank (ADFIMI),

**Mr. Nuri Birtek;**

Secretary General of ADFIMI,

Distinguished Guests,

Ladies and Gentlemen,

1. Firstly, allow me to thank Association of National Development Finance Institutions in Member Countries of the Islamic Development Bank (ADFIMI) and SME Bank for inviting me to deliver this address.
2. In August, Malaysia celebrated its 57<sup>th</sup> birthday. In just six decades, we have achieved many milestones. Last week, saw our latest achievement, when Malaysia was elected to sit on the United Nations Security Council. This was a great international endorsement of our foreign policy. And next year we will also chair ASEAN.
3. I would like to thank all of you who have made this possible; especially ADFIMI and SME Bank Malaysia, who have organized this International Development Forum with the theme: *'Collaborative Entrepreneur Development, A Game Changer in a Challenging Business Ecosystem.'*

Ladies and Gentlemen,

4. The global economy shows signs of improvement, especially in Asia and the United States. SMEs in Asia, who have been affected by the global downturn, can now look forward to better prospects for growth. But despite the strong economic indicators, the business ecosystem remains challenging. So what can we, the

Government, do to promote SMEs – and create an environment that encourages entrepreneurship?

5. In Malaysia, we know that the sustainability of our economic growth depends on two factors: first, as part of our rush to development, growth is sustainable and no one group is left behind or marginalized; and second, on the role played by our entrepreneurs and small and medium sized enterprises. So we have made entrepreneurship a key priority, and introduced a number of policies to support SMEs.
6. Last year, 12 billion ringgit was spent on 157 SME development programmes; these in turn supported nearly 890,000 projects, across all economic sectors.
7. This year, spending rose to 13 billion ringgit and almost half of these funds came from the private sector. It is a public-private partnership that brings benefits for both partners; a more vibrant business environment, and a more competitive economy.
8. We have also developed an SME Masterplan, which is designed to enhance productivity and innovation among entrepreneurs and SMEs, and includes a set of challenging targets.
9. Currently, small and medium enterprises (SMEs) contribute 33% to gross domestic product (GDP). In the recent Budget 2015, the Government has allocated substantial amount of 1.075 billion ringgit or equivalent to US\$346.7 million to accelerate the participation of SMEs in economic activity. These include SME Investment Partner program, Business Accelerator Program and various loans for SMEs. The budget also have allocated 80 million ringgit or equivalent to US\$25.8

million to emphasize on upskilling of the workforce. These skills will be critical in the SME industry to ensure value add in the production chains.

Ladies and Gentlemen,

10. Our ambition is to massively increase the macroeconomic contribution of SMEs: to 41% of GDP, 62% of employment and 25% of exports by 2020. This is indeed a tall order, but I believe it is attainable and possible. And external evidence shows that Malaysia is making good progress. According to the World Bank's Ease of Doing Business Report, Malaysia is now the 6<sup>th</sup> best place in the world to conduct business. In the report, we score especially high in the categories on access to credit, protecting investors, trading across borders, and paying taxes.

11. The Institute of Management Development's World Competitiveness Rankings also ranked Malaysia the 12<sup>th</sup> most competitive out of 60 of the world's economies, with one of the major criteria focusing on SMEs. A vibrant domestic economy, strong international trade and high employment growth helped Malaysia outperform many other economies.

12. These rankings show that our economic transformation policies are delivering results – and opening up new opportunities for Malaysia's SMEs. But there is much more to be done.

Ladies and Gentlemen,

13. While there remain obstacles to development and prosperity of the Muslim population, Islamic countries in general have made remarkable progress. This is even more important given the fact that collectively, the OIC countries have become

a significant group in the global economy. According to the Statistical Economic and Social Research and Training Centre for Islamic Countries in its 2013 report, total GDP of the OIC countries has grown 25.3% over the period of 2008 to 2012, from USD7.5 trillion in 2008, it reached USD9.4 trillion in 2012.

14. Looking at these numbers, the potential for our Muslim brothers are limitless especially among the OIC member countries. Many Muslim countries have transformed itself in the past decades to become hubs and source of prosperity. These include in the areas of logistics, oil and gas, services and Islamic finance. This is why we need to continuously explore working together to find new approaches, challenge ourselves with new ways of thinking and develop a revolutionary method of determining how the entrepreneurs and financiers could leverage on each other that would contribute significantly to the nation's economic growth.

15. The Muslim world through organisation such as ADFIMI must continue to emphasise that Islamic nations are peaceful sovereigns and a source of prosperity for the world. Our potential is enormous if we organise and get our act together.

Ladies and Gentlemen,

16. One area where I believe SMEs can make greater inroads is Islamic finance: one of the fastest growing sectors in a crowded financial marketplace.

17. Ten years ago Malaysia issued the world's first sovereign sukuk. Today, Islamic finance is a US\$1.2 trillion market; this is expected to rise to US\$2.6 trillion by 2017. Islamic finance is now growing at 50% faster than conventional banking.

18. This exemplary growth is expected to continue. In many Muslim countries, millions of people still don't have bank accounts. This will change in due course, as economic development and growth continues, per capita incomes increase, people will begin to look for investment opportunities.
  
19. The transformation of finance in the Muslim world brings huge opportunities for entrepreneurs and SMEs in the financial sector. However, challenges remain – from regulatory hurdles and human capital needs to a lack of consumer education and the need for more business-friendly policies. We look to forums such as this to come up with recommendations on how these issues can be overcome.
  
20. We also look to lead by example. As an Islamic finance pioneer, Malaysia can and must play an influential role in ensuring the sector's future development. Within associations such as ADFIMI, we must create a working platform to collaborate, share experiences, improve cooperation and facilitate cross-border economic activities. The potential is boundless, and we must continue breaking new ground.

Ladies and Gentlemen,

21. I believe the future is bright for all of us present today to prosper even further. Allow me to conclude by urging you to explore the wealth of business opportunities available, not only here in Malaysia – but also in ASEAN and the wider world.
  
22. **And with this and with Bismillahirrahmanirrahim, I hereby officiate the ADFIMI-SME BANK International Development Forum 2014.**

Wabillahitaufig Walhidayah Wassalamualaikum Warahmatullahi Wabarakatuh.

Thank you.