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WGBI: MoF continues to collaborate with relevant authorities to further develop financial market

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KUALA LUMPUR, March 30 – The Ministry of Finance (MoF) will continue collaborating with all the relevant authorities to further develop Malaysia's financial market, as well as improve its standing within the global investment community, its Minister Tengku Datuk Seri Zafrul Tengku Abdul Aziz said today.

The decision made by FTSE Russell to retain Malaysia in the World Government Bond Index (WGBI) is a testament to the soundness of Malaysia's sovereign bond market while reaffirming the country's strong macroeconomic fundamentals and resilience.

Prior to this latest announcement, Malaysia had been on the WGBI Watch List since April 2019.

"The MoF has also actively participated in many stakeholder engagement sessions in collaboration with Bank Negara Malaysia (BNM) and Financial Markets Association Malaysia (FMAM) to shape policies on improving Malaysia's financial market competitiveness, underscored by enhanced governance and transparency through streamlined compliance, regulatory, and operational requirements for both local and foreign participants," he said in

statement here, today.

The MoF would like to recognise the efforts by all relevant parties, particularly BNM, the Financial Markets Committee (FMC), Securities Commission Malaysia (SC), Bursa Malaysia, and the FMAM on their joint and continuous efforts in developing the Malaysian financial market in a structured manner.

FTSE Russell is a provider of stock market indices and associated data services, wholly-owned by the London Stock Exchange. Meanwhile, the WGBI is a widely used benchmark that currently includes sovereign bonds from over 20 major countries, denominated in a variety of currencies.

Malaysia has been part of the WGBI since July 2007 and its reaffirmed membership in the index is a testament to various effective policies and initiatives aimed at continuously improving market accessibility and liquidity.

Since April 2019, cumulative foreign flow into Malaysia's government bonds amounted to RM48.6 billion, out of which RM22.7 billion was between April and December 2019, RM17.2 billion in 2020, and RM8.8 billion from January to February this year.

Foreign holdings in Malaysia's government bonds also increased to 24.7 per cent in February 2021, compared to 21.9 per cent in April 2019.

As of end-2020, more than half of the total foreign holdings in government bonds consisted of long-term investors such as other central banks and governments at 31.5 per cent, global pension funds at 17.7 per cent, and insurance companies at 2.6 per cent.

In terms of domestic investors, holdings in government bonds are supported by ample liquidity from banking institutions, as well as institutional investors.

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