

## Zeti Akhtar Aziz: Recent initiatives to promote financial inclusion

Speech by Dr Zeti Akhtar Aziz, Governor of the Central Bank of Malaysia, at the 2006 Graduation Ceremony of the Malaysian Insurance Institute, Kuala Lumpur, 19 August 2006.

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Members of the Board of the Malaysian Insurance Institute,  
Faculty Members,  
Distinguished Guests,  
Graduating Students,  
Ladies and Gentlemen.

Assalamualaikum dan salam sejahtera,

Saya berasa amat berbangga dan berbesar hati kerana dapat turut serta meraikan kejayaan yang dicapai oleh para graduan MII pada hari ini. Majlis ini menandakan usaha berterusan industri insurans, khususnya MII, untuk meningkatkan tahap profesionalisme kakitangan industri insurans melalui pendidikan berterusan, serta kesungguhan industri insurans untuk sentiasa mempertingkatkan tahap perkhidmatan bagi menjana perkembangan industri. Tahniah dan syabas saya ucapkan kepada saudara dan saudari.

Ladies and Gentlemen,

Today, we recognise the achievement of yet another group of graduands of the MII. Let me again congratulate all the 642 individuals who have successfully completed their programmes, among whom are 276 who will receive the Masters in Business Administration, Associateship and Post-Graduate Diploma qualifications while 26 will receive the certification as Chartered Financial Consultants. There are also 340 individuals who will receive their undergraduate diplomas and certificates in various insurance-related fields. I am particularly pleased to welcome the graduands from Bangladesh, India, Indonesia, the Maldives, Thailand and Vietnam. The increasing participation of candidates from abroad is a welcome development as it adds an international dimension to the MII's programmes by promoting an exchange of cross-border experiences and expertise shared in the programmes. It also strengthens the network among the workforce of the industry in the region.

On this day, all of you have indeed achieved an important step forward in your professional career. The skills and knowledge acquired in achieving your qualifications will enhance your ability to contribute to the performance and development of the insurance industry. In this increasingly competitive and challenging economic and financial environment, knowledge has emerged as a critical factor in defining competitive advantage and success.

Ladies and Gentlemen,

Significant market developments continue to exert their influence in shaping both the global and the domestic economy. These developments include the increased pace of globalisation, the emergence of new technologies and the increasing importance assigned to the value of knowledge as a determining factor in a country's performance. As competition intensifies, and rapid and dynamic changes take place in the financial environment, the areas of comparative advantage will change. In recognition of these trends, Malaysia has allocated significant resources and attention to human capital development to strengthen the intellectual capacity of our nation. Indeed, human intellectual capital plays a pivotal role in driving future performance and competitiveness.

In the financial services sector, the financial landscape will continue to evolve with the proliferation of financial products and services in line with the rapidly changing requirements of the economy and expectations of businesses and consumers.

These trends are particularly evident in the insurance industry.

Indeed, over recent decade, the insurance industry has seen significant progress and expansion. Assets of the insurance industry have now reached over RM100 billion and annual premiums generated by the industry are in excess of RM23 billion a year. The market penetration, that is, the number of policies in force as a ratio of the total population, has more than tripled to 38.7% from over a decade ago. At the same time, this growth has been underpinned by a transformation of the industry in terms of the distribution systems, product diversity, sophistication of business models and practices,

and the state of the art technological advances. With this track record and the structural changes in the environment that are occurring, the prospects for continued growth will remain strong going forward.

Importantly, the insurance industry continues to play an important socio-economic role within the economy. It is a significant institutional investor in the capital market, with over RM49 billion invested in corporate and debt securities. In addition to providing basic insurance protection to individuals and corporations, insurance products have also contributed significantly towards expanding the breadth of financial planning options for individuals. This includes solutions that provide for individuals to finance their retirement needs, medical expenses and children's education, as well as solutions that enhance their investment income. All of you are therefore part of a key industry that forms an integral component of our social and economic fabric.

Professionals in the insurance industry can therefore expect to play an important role in this environment of increasing complexity in financial services that is accompanied by the increasingly sophisticated demands by businesses and consumers. In this environment, insurance professionals are expected to not only raise the service standards, but also to align themselves to be a part of a workforce that is productive, innovative and strategically more focused in advancing the insurance industry to the fore front of the financial services sector.

While the regulatory authorities have given considerable attention to efforts to empower, educate and safeguard consumer interests, sound market conduct practices and a commitment to raise the standards in consumer protection remains largely in the hands of insurance professionals. Apart from the need to constantly acquire new knowledge and skills, the observance of ethical practices and a professional code of conduct must be complete and comprehensive. Indeed, an unrelenting adoption of the highest standards of professionalism and integrity is essential in generating public confidence in the insurance industry.

Ladies and Gentlemen,

It is therefore, recognised that we need to continuously invest in human capital to create a pool of high-caliber professionals with the necessary competencies that can deliver high value-added insurance products and services, adopt advanced business practices, build public trust and confidence, and thus advance the industry to greater heights.

MII, being the premier insurance education and training institute in Malaysia, shoulders an important responsibility in developing the human capital for the insurance industry. It has steadily established a reputation as the leader in executing the industry's capacity-building initiatives through the development of skills, and expertise. MII has continued to broaden and enhance its training directory to meet the increasingly complex and diversified needs of the insurance industry. The Registered Financial Planner (RFP) programme which was launched in 2002 has now produced its first batch of 964 graduates in January 2005. In keeping pace with the evolving changes in education, in July 2006, MII launched its MII e-Academy, an on-line learning avenue to make learning more accessible to the insurance professionals, unconstrained by location, distance or time.

I am pleased that MII has taken the necessary steps in upholding the responsibility to deliver quality training, not only for the local insurance industry, but also across the region. The increasing number of participants from abroad signifies the growing recognition of the programmes organized by MII. At the regional front, MII's out-reach has been further enhanced with the conclusion of the Memorandum of Understanding between MII and FORTE Insurance ( Cambodia ) Plc. in June 2005, whereby MII will conduct professional insurance examinations in Cambodia. At the same time, MII continues to assume its role as the secretariat of the ASEAN Insurance Training and Research Institute, or AITRI, in Malaysia, serving as a regional network centre for insurance education and research. For this purpose, AITRI conducts an annual series of insurance programmes and courses for the ASEAN regulators and practitioners.

Complementing the MII's efforts for the insurance industry, the International Centre for Education on Islamic Finance, or INCEIF which was launched in March this year seeks to produce high-caliber practitioners, professionals, specialists and researchers in Islamic finance. It offers the world's first certification on Islamic finance, the Certified Islamic Finance Professional (CIFP) programme as well as post-graduate programmes in Islamic finance. This initiative is aimed at supporting the global development of the Islamic financial services industry.

Ladies and Gentlemen,

The further development and growth of the insurance industry brings with it new potential and opportunities for professionals like yourselves. The challenge is to embrace the opportunities as they present themselves and to continuously develop new skills and competencies that will be needed in this changing environment. In relation to this, I would like to urge you to rise to the challenge by building on your achievements today to continually improve your skills and knowledge. The inculcation of a culture of lifelong learning is essential to enable you to adapt to the constantly changing environment and to contribute to the growth and development of the insurance industry, and to the overall financial services industry.

In closing, let me congratulate once again all the graduands of MII. I wish each of you every success in your career and future endeavours.

Thank you.