

LABUAN FSA STRATEGIC PLANS FOR 2025

*“STRENGTHENING INCLUSIVITY
AND SYNERGY”*

Labuan IBFC
International Business and
Financial Centre, Malaysia

16 January 2025

AGENDA

Global Outlook 2025

Mid-Term Review of Labuan IBFC
Strategic Roadmap 2022-2026

Labuan FSA Key Focus Area for 2025

Other Matters



The Global Outlook for 2025 and Harnessing Emerging Trends

Real GDP Growth

	2023	Q3 2024
Global	3.3	3.2
East Asia & Pacific Region	4.6	4.8
Malaysia	3.6	5.3

Inflation Rate

	2023	Q3 2024
Global	6.8	5.9
East Asia & Pacific Region	3.7	3.6
Malaysia	1.5	1.8

Unemployment Rate

	2023	Q3 2024
Global	5.0	4.9
East Asia & Pacific Region	3.9	3.9
Malaysia	3.6	3.2

“While global markets face volatility, opportunities in sustainable finance and digital assets are reshaping growth prospects.”

EMERGING OPPORTUNITIES



Rise of InsurTech revolutionizing the insurance industry to serve evolving customer needs and new markets.



OPEC's 2024 oil price drop to USD79.86 opens opportunities for renewables and energy-intensive industries.



Global shift towards sustainable finance drives FIs to develop **green financial products and integrate ESG** criteria.



Malaysia's **BEPS 2.0 adoption in 2025** boosts attractiveness to multinationals seeking tax compliance and stability.



FATF Mutual Evaluation on VASPs strengthens regulatory frameworks in the digital asset market.



...growth of Labuan IBFC will continue to be impacted and turnaround is expected earliest mid 2025

The Global Outlook for 2025 and Harnessing Emerging Trends... *Contd.*



Inflation projected to decline from 4% in 2024 to 3.4% in 2025, providing some reliefs to businesses



39.4% of growth are expected for global Carbon Credit Market from 2024 till 2030.



Islamic Finance industry is projected to grow to **USD6.7 Tril** by 2027



Trump's administration with new set of global trade polices.



Tokenised Asset to grow up to **USD10 Tril** by 2030

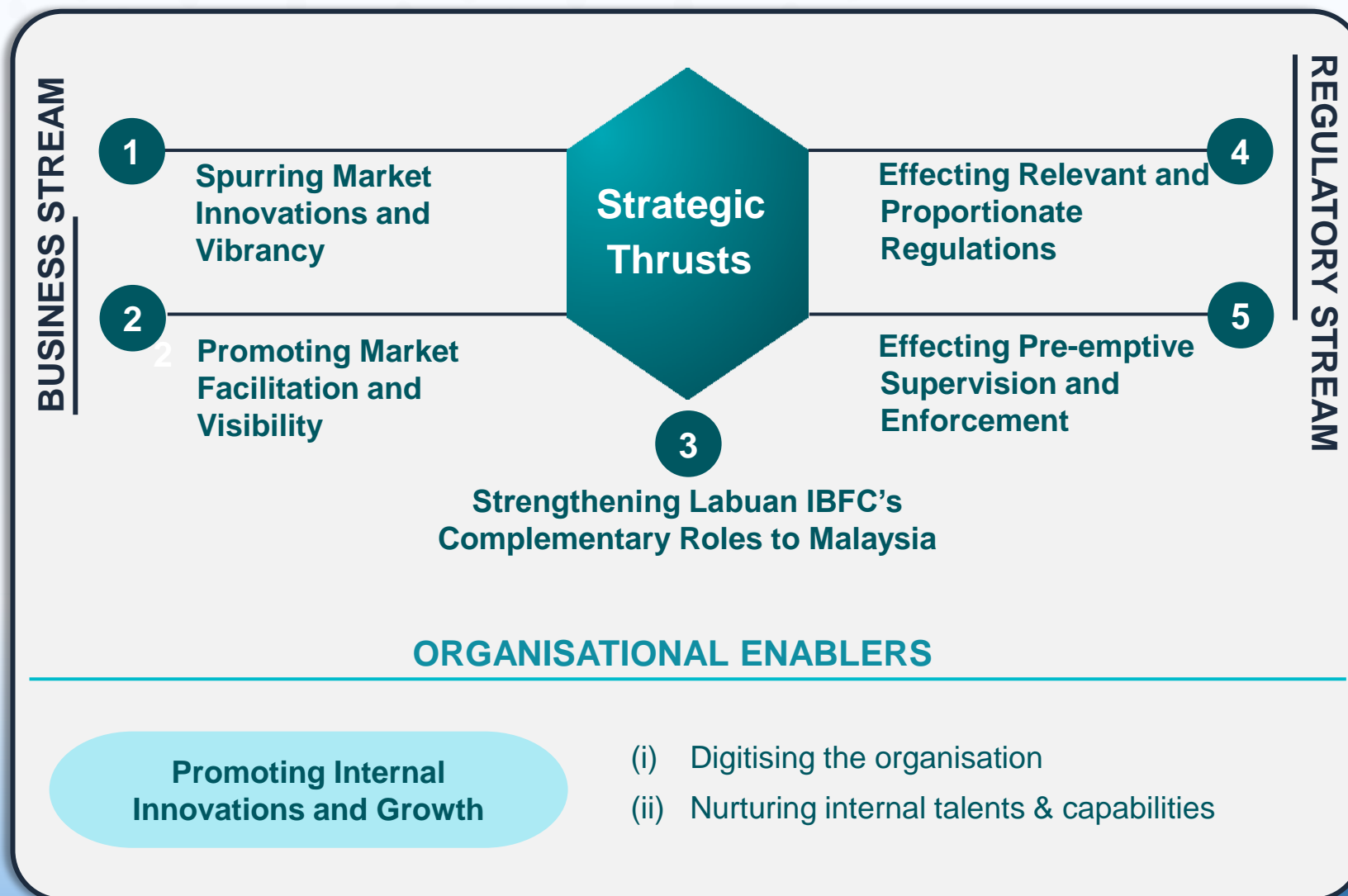


ESG sukuk issuance is projected to exceed **USD50 Bil** by 2025, according to Fitch Ratings.



- In 2025, Malaysia's economic growth is expected to be 5.5% and East Asia, 4.4% if situation remains
- Despite exposure to global disruptions, Labuan IBFC remains a key player, leveraging its leadership in Islamic finance and ESG initiatives to drive innovation and attract global investors.

Mid-Term Review of Labuan IBFC Strategic Roadmap 2022-2026



MID-TERM REVIEW PROGRESS REPORT *Assessment by EY*

“Out of the 47 initiatives identified, majority have been Completed or remain On-Track (76.5%)”

LFSA has played a role in attracting players in Islamic Finance & Insurance over the years with an expansion into areas such as digital banking & assets

Reflecting on Labuan IBFC 5 Year Milestones

Charting the Path Towards 2025 Goals

2019 - 2020

- Won Best Asian Domicile for Captive
- More job creation, increasing industry workforce to over 6,000
- New company incorporation moderated in 2020
- Labuan DFS activities expanded from simple digital trading platforms to digital banking and digital assets.

2021 - 2022

- Best Asian Domicile for Captive, third consecutive year.
- Record commodity trading volumes of USD 50 billion.
- 17% growth in new company incorporations.
- Islamic banks financing rose 25% to USD 2.1 billion.
- 22% growth in new digital players.
- Record LITC growth to USD 51 billion, surpassing pre-pandemic levels.

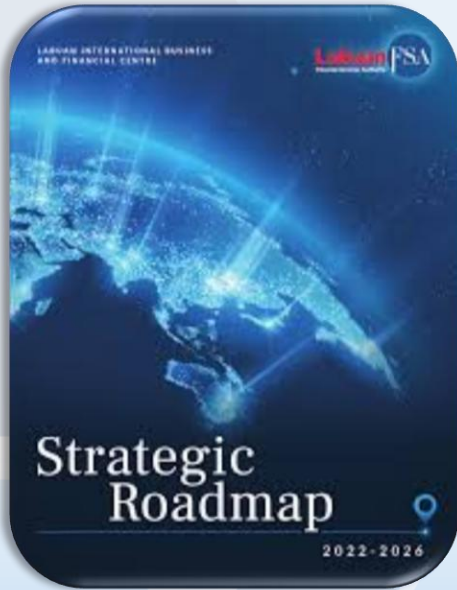
2023 - 2024

- Best International Jurisdiction for Islamic Banking and Finance 2024 GIFA.
- 322% and 111% profit hikes in Labuan banking and insurance, contributing RM1.2 billion in taxes.
- Second largest APAC captive hub, with USD 478.6 million premiums, Top Ten in World Domicile by Captive Review.
- Issued world's first Islamic Digital Securities Tokens.
- Employer of Choice Gold Award (Public Sector) by MIHRM.



LABUAN FSA 2025 STRATEGIC PLANS

Key Highlights of Labuan IBFC in 2024



1 Positive growth in the of Labuan company incorporation by 8% & 66 new licences issued

2 4 Bills passed in Parliament

3 Leading Islamic digital financial hub:
• RAMZ > USD1.2 Billion



• Launch of the Blockchain Masterplan and i-Box for Islamic digital banks



4 Awarded "Best International Jurisdiction for Islamic Banking and Finance 2024"



5 Remains the 2nd largest captive hub in Asia



6 Tax collection and OPEX from ESR remain high



7 Publication of Labuan IBFC Sustainability Taxonomy (LiST) and other business Guidelines



8 Tax exemption for Islamic financial activities expanded to include the Takaful sector

9 Labuan FSA awarded as 'Employer of Choice' under the Gold Standard category by MIHRM



10 Mid-term review remains on track (76.5% – 'On-Track.')



Key principles of the amendments of the 4 Acts for inclusion of the BO requirements...

LABUAN FSA'S AMENDMENT BILLS

1. Labuan Companies (Amendment) Bill 2024
2. Labuan Trust (Amendment) Bill 2024
3. Labuan Foundation (Amendment) Bill 2024
4. Labuan Limited Partnerships and Limited Liability Partnerships (Amendment) Bill 2024



OBJECTIVES OF THE AMENDMENTS

1. In compliance with Financial Action Taskforce (FATF)'s recommendations with regards to transparency and beneficial ownership requirement.
2. Malaysia's commitment to comply with OECD's requirement to address the gap in harmful tax practices
3. Editorial and consequential amendments

1. **General definition of beneficial owner of a Labuan entity**

2. **Register of beneficial owner for Labuan entities**

3. **Disclosure of beneficial owner information**

4. **Obligation of beneficial owners to provide information to Labuan entities**

5. **Obligation of Labuan entities to maintain a register of beneficial owners**

6. **Obligation of Labuan entities to lodge beneficial owner information to Labuan FSA**

7. **Labuan FSA's authority to determine any person, including law enforcement agencies and competent authorities, can access the register of beneficiaries**

8. **Labuan FSA's authority to direct a Labuan entity to provide to Labuan FSA within the period specified in the notice, information in respect of the beneficial owner held by the Labuan entity**

9. **Labuan FSA's power to conduct examination and verify the register of beneficial owners maintained by Labuan entities.**

Year-on-Year Overview of Key Performances

4,783
OPERATING
COMPANIES
(2023: 4,788)

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



- Observed decline in various sectors
- Signal a potential growth slowdown
- Highlighting the need to attract diverse businesses and reinforce Labuan IBFC's role as a hub for innovative financial services

LABUAN FSA 6 KEY FOCUSED AREAS IN 2025



1

Driving Market Innovation & Digital Transformation

Achieved the transformation of Labuan IBFC into a premier IFC, attracting regional banks and leading in market innovation by leveraging digital innovations and AI-driven services, to strengthen captive insurance, wealth management, and Islamic finance.

2

Strengthening Regulatory and Supervisory Framework

Updated legal frameworks with enhanced prudential, market conduct, and digital regulations, alongside a modernised SupTech-driven supervisory approach.

3

Achieving Positive FATF Rating

Achieved favorable FATF rating in 2024/2025 Mutual Evaluation, affirming Labuan IBFC's AML/CFT compliance and global recognition

4

Enhancing International Visibility and Market Standing

Enhanced global ranking and visibility through stakeholder engagements, international events, and inclusion in global indices like GFCI.

5

Advancing Organisational Systems and Efficiency

Optimised internal processes with COR@L and automation, enhancing efficiency, reporting, supervision, cloud strategy, data governance, and cybersecurity.

6

Cultivating a Sustainable Workforce and Governance

Developed a sustainable skilled workforce through integrated ESG initiatives, effective governance, and new income streams.

OVERVIEW OF 2025 TARGETED KEY FOCUSES AND IMPORTANT EVENTS

CELEBRATIONS AND MILESTONES



1. Labuan IBFC's 35th Anniversary featured successful events (*business stream initiatives*) and the unveiling of a digital commemorative memento



2. Launched IDAC 3.0 Roadshow at international forum with global participants including from digital financial services and ULC

GLOBAL LEADERSHIP AND VISIBILITY

3. Ranked as APAC's 2nd Largest Captive Hub with **USD 478.6 million** in premiums

4. Secured inclusion in prominent global indices
E.g. GFCI, progressing from associate member status



REGULATORY AND SUPERVISORY STRENGTH

5. Achieved global AML/CFT compliance in 2024/2025 Mutual Evaluation

6. Enhanced SupTech regulations for improved supervisory oversight

7. Launched of OLA 1.0 and EMS 1.0 systems
Streamlined operational processes through automation

DIGITAL TRANSFORMATION & INNOVATION

8. Launched and Issued New Digital Policies

Completed digital ecosystem frameworks, takaful tech and insurance tech, digital wealth management

9. Listed and Issued 10 Shariah-Compliant Securities Tokens worth **USD 2 billion** and **cross-listing of RAMZ** at other jurisdictions approved exchanges



SUSTAINABILITY AND GOVERNANCE

10. Promoted and integrated ESG-driven governance practices across operations and among industry players

11. Generated new income from REEFS data charges, API requests, and COR@L subscriptions

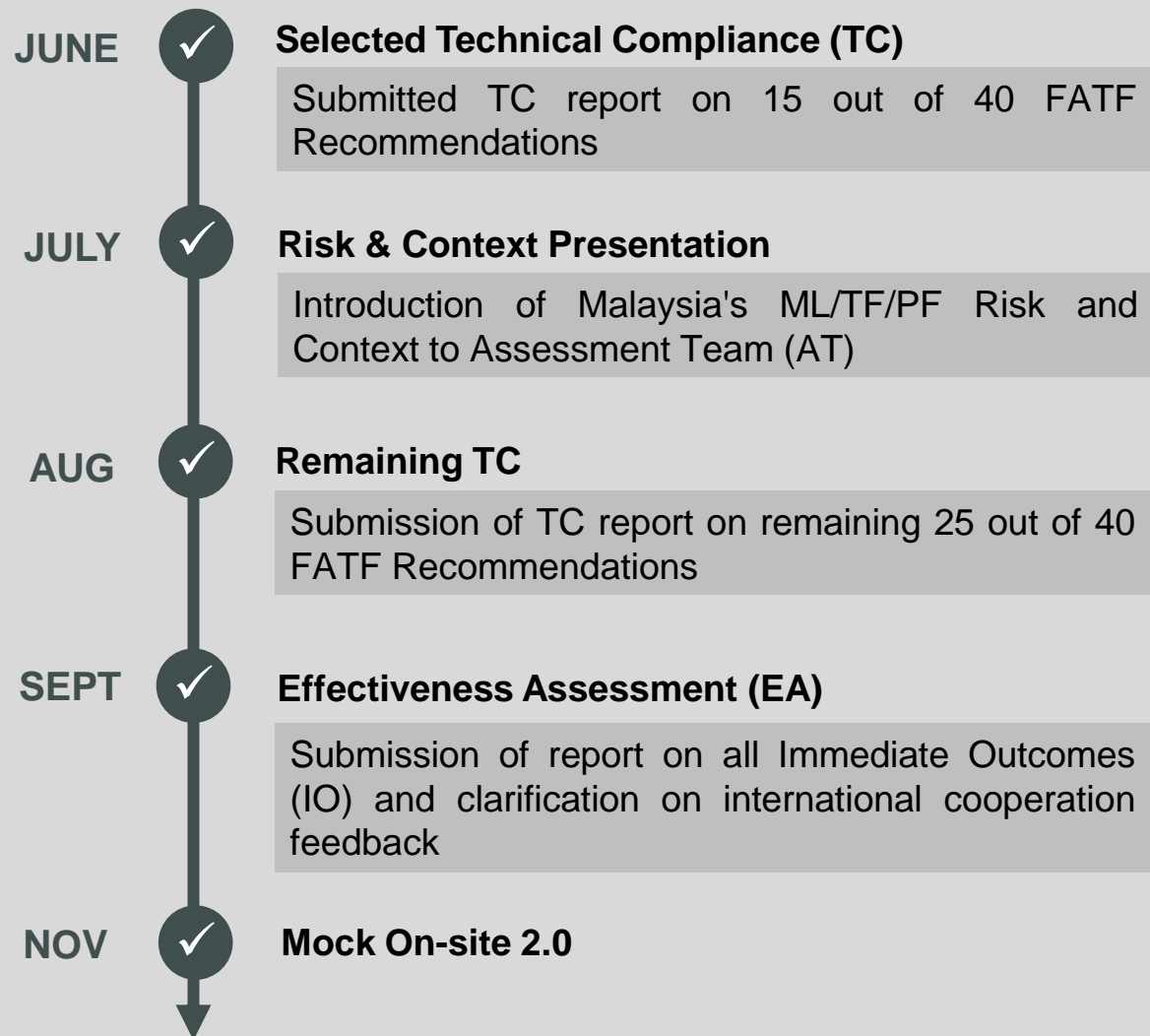
12. Secured revenue sustainability through **revised regulatory fees** effective in 2026



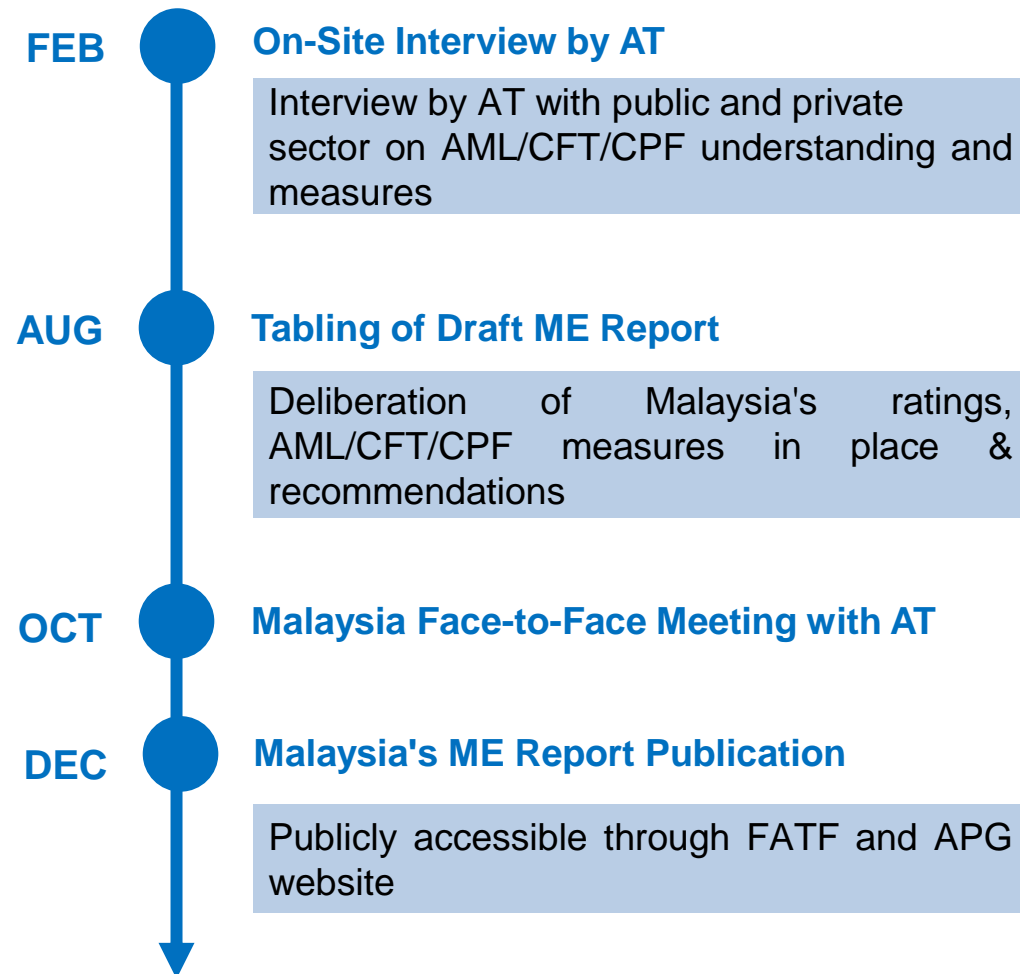
WORKFORCE DEVELOPMENT & CAPACITY BUILDING

13. Enhance workforce capabilities and industry talent in Labuan IBFC

2024



2025





LABUAN IBFC 35TH ANNIVERSARY TENTATIVE PROGRAMMES

1

Symbolic event to kickstart the 35th-anniversary celebrations

Q1

2

IDAC 3.0 roadshow in Central Asia, Africa and Russia

Q1 – Q3

3

Collaboration with Kenanga Investment to organize Islamic Digital Market Conference in Kuala Lumpur

Q2

4

Launching and promotion of Taka-Tech and Captains-Tech

Q3

5

Issuance of Commemorative Digital Token in conjunction with Labuan IBFC 35th years anniversary

Q4

6

Labuan International Finance Lecture Series

Q4

7

35th Anniversary Grand Closing Celebration featuring Labuan Industry Dinner and Golf Tournament

Q4



Other Matters

2025 Key Events on Labuan Island Organised by Labuan Corporations



Follow Labuan Corporations FB page for latest events in Labuan

CONCLUSION

Labuan FSA, Labuan Corporation Urged To Boost Economic Spillover

Published : 14/01/2025 10:49 PM



Dewan Negara Passes Five Bills Related To Business Activities In Labuan

Published : 18/12/2024 03:22 PM



- ▶ Over 30 years, Labuan IBFC remains the main contributor to the island's GDP at 53% and is the largest white-color employer in Labuan.
- ▶ Labuan FSA, industry players, and relevant agencies to continue collaborative effort to elevate living standards to attract talent to work and spend locally.
- ▶ Elevate economic spillover to Labuan through ESR such as OPEX and board meeting as well as fiscal contributions.
- ▶ Continue to explore opportunities to position Labuan IBFC as a strategic complement to Johor's Special Economic Zone (SEZ).
- ▶ Securing funding to implement the Rancangan Struktur Labuan 2040 and EY Rejuvenation Plan, to drive the growth of the real economic sectors.



THANK YOU