

The Role of Retail Investors in Malaysia's Capital Market: The Case of Crowdfunding

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Outlines



- 01 Insights on Retail Participation in Malaysia's Capital Market
- 02 How Has Crowdfunding Contributed to Greater Retail Participation?
- 03 Challenges and Policy Recommendations

01

Insights on Retail Participation in Malaysia's Capital Market

Retail investors' participation on Bursa Malaysia

AVERAGE DAILY VOLUME (ON-MARKET TRANSACTIONS)

YEAR	2018	2019	2020	2021	2022	2023	2024
VALUE (RM bil)	2.39	1.93	4.21	3.55	2.07	2.06	3.15

RETAIL PARTICIPATION

As at Dec 31, 2024, the total retail* participation in Bursa market was 21%.

YEAR	2018	2019	2020	2021	2022	2023	2024
VALUE (RM mil)	430 (22.5%)	473.5 (24.5%)	1,600 (37.8%)	1,334 (37.6%)	550 (26.6%)	566 (27.5%)	660 (21%)

* Covers local retail, foreign retail, and proprietary day traders (PDTs). Local retail takes the significant portion of the participation.

Source: Bursa Malaysia Annual Reports (2018-2024)

- Since 2018, the number of retail participants in the Bursa market had steadily risen and peaked during the Covid-19 pandemic.
- In 2020 and 2021, retail participation in the Bursa market jumped to a high of 37.8% and 37.6%, respectively.
- However, in 2024, the percentage of retail participation dipped (despite the increase in value) as the average daily volume rose significantly.

Investment products that retail investors invest in

<i>Investment Products:</i>	<i>In Percentage:</i>	<i>Invest More/Less in the Past 12 Months:</i>
Stock	39%	(-) 1%
Amanah Saham Bumiputera ("ASB")	34%	(+) 19%
Unit Trust	31%	(+) 12%
Fixed Deposit ("FD")	26%	(+) 15%
Precious Metals	25%	(+) 27%
Cryptocurrency	15%	(+) 18%
Property/Real Estate	14%	(+) 25%
Real Estate Trust Funds ("REIT")	12%	(+) 18%
Private Retirement Scheme ("PRS")	12%	(+) 17%
Exchange Traded Funds ("ETF")	11%	(+) 11%
Derivatives	11%	(+) 4%
Forex	10%	(+) 17%
Collectible	8%	(+) 14%
Bond	7%	(+) 12%
Structured Warrant	4%	No change
Private Equity Crowdfunding	3%	(+) 19%
Not investing at all	13%	

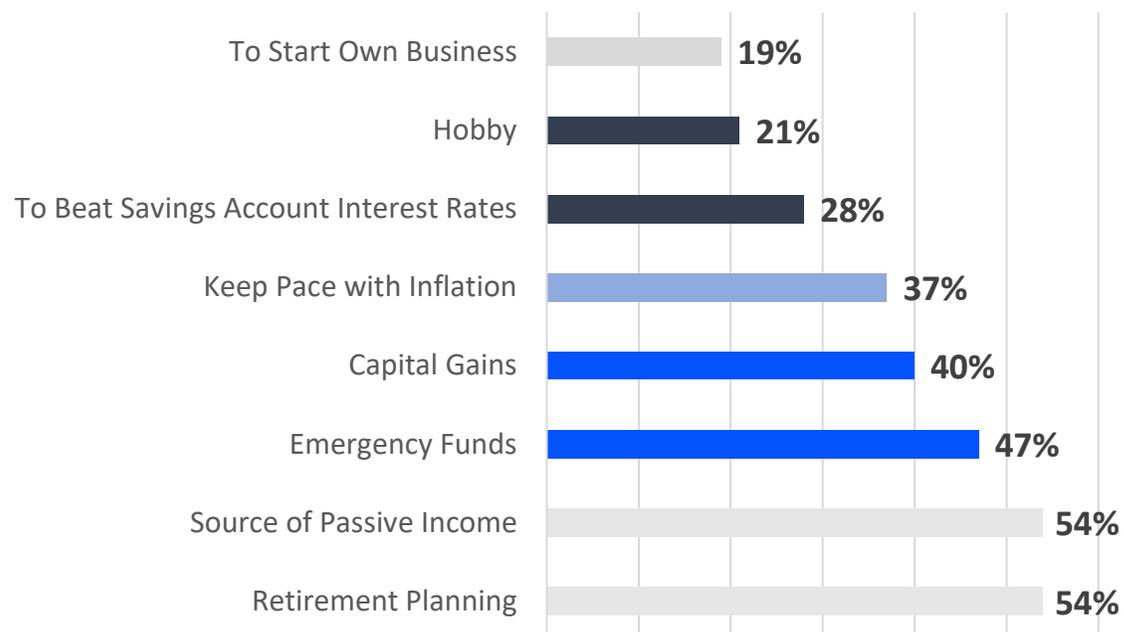
- On average, retail investors in Malaysia allocate 8.4% of their income to investments.
- Investment amounts have risen, with the most significant increases seen in precious metals such as gold and silver, followed by property, ASB, **private equity crowdfunding**, and cryptocurrency.
- Retail investors primarily finance their investments through their salaries (63%) and savings (61%), indicating a potential desire for diversification and the pursuit of higher returns compared to traditional fixed-income instruments.

[Blue]: Bursa products; [Black]: Non-Bursa products

Source: Bursa Retail Survey, 2023 (Sample: 3,027)

Investment motivation for retail investors

- In Malaysia, retail investors invest to diversify and supplement their income. Investment motivations can vary across different age groups and gender, reflecting their life stages, financial goals, societal expectations, and risk tolerance.



Source: Bursa Retail Survey, 2023 (Sample: 2,622)

Motivations by Life Stage



Priorities by Gender



02

How Has Crowdfunding Contributed to Greater Retail Participation?

Why crowdfunding?

- Crowdfunding, being an alternative online fundraising platform, offers a more diversified investment portfolio to both **retail and institutional investors** and promotes greater access to start-ups and micro, small and medium enterprises (MSMEs) to fundraise capital for their businesses.

Equity Crowdfunding (ECF)



Ownership through Equity

Investors purchase shares and become partial owners of the business.



High-Growth Focus

Typically utilized by startups and early-stage businesses seeking growth capital.



Stake in Future Profits

Returns are tied to the potential future profitability of the company.



Return Type:
Share of future profits



Investor Role:
Partial Owner (Shareholder)



Primary Target:
Startups & Early-stage growth

Peer-to-Peer (P2P) Financing

Debt-Based Lending

Investors provide loans to individuals or businesses rather than buying shares.



Fixed Interest Returns

Investors receive regular interest or profit payments over a specified period.



No Ownership Stake

Borrowers retain full ownership as the investment is treated as a loan.



Return Type:
Interest or profit payments



Investor Role:
Lender

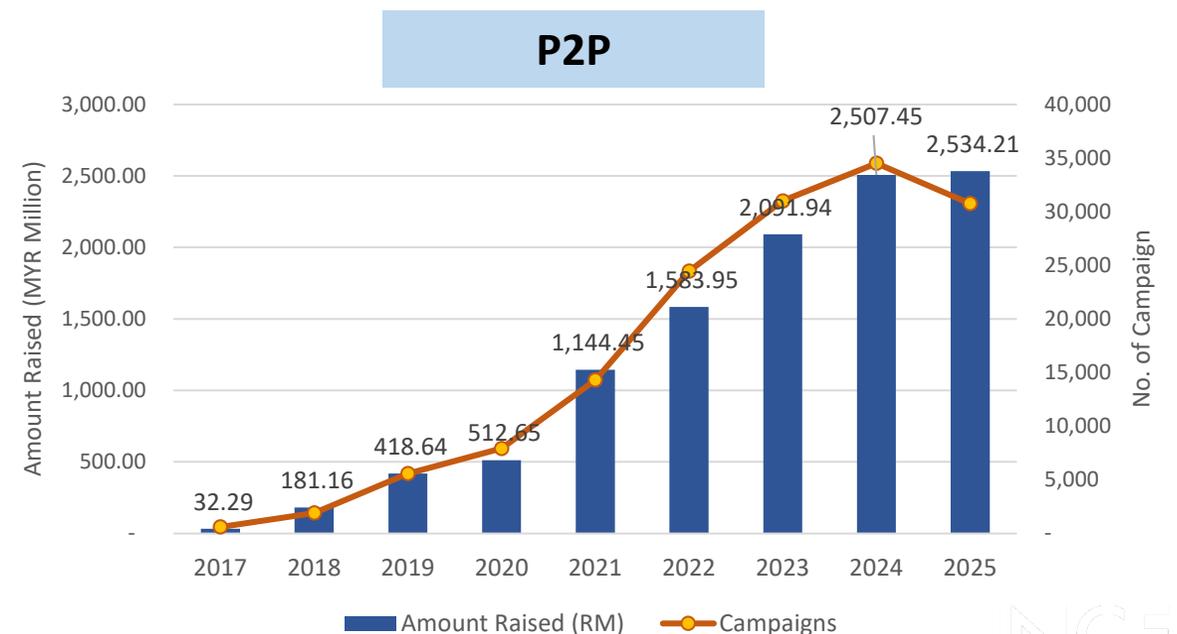
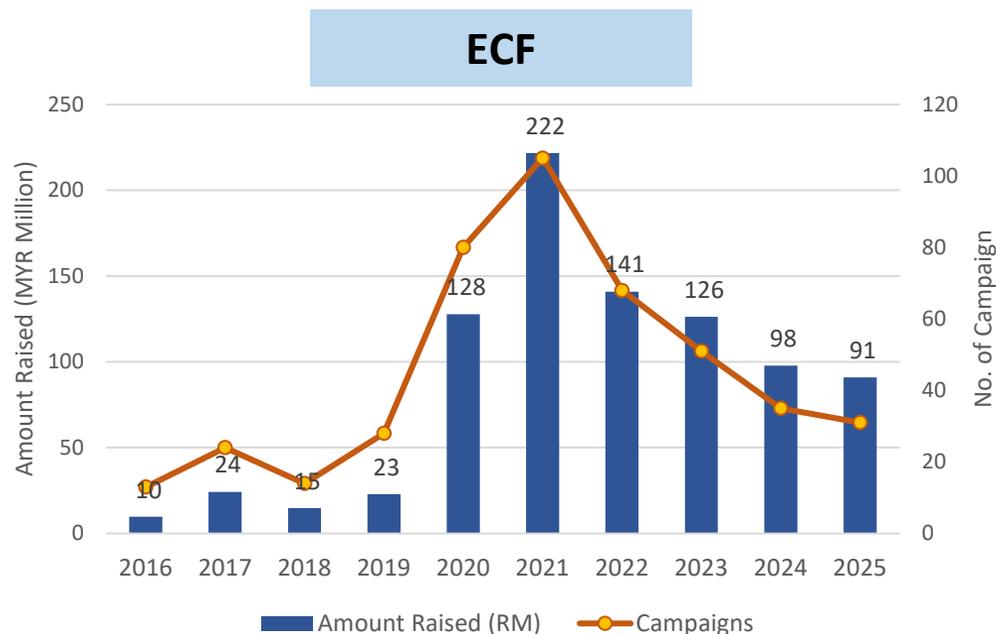


Primary Target:
Individuals & Businesses

ECF & P2P landscape in Malaysia (as at 2025)

	ECF	P2P
 Campaigns launched	449	151,064
 Capital raised	RM876.7 mil	RM11.01 bil
 Successful issuers	511	6,558

- ECF and P2P have facilitated significant funding to Malaysia's MSMEs, the backbone of Malaysia's economy, which contributes to 39.5% of the country's GDP in 2025.
- As at end-2025, there were 13 ECF and 20 P2P platforms, licensed by the Securities Commission Malaysia, offering both conventional and Islamic solutions (30% of total funds raised).



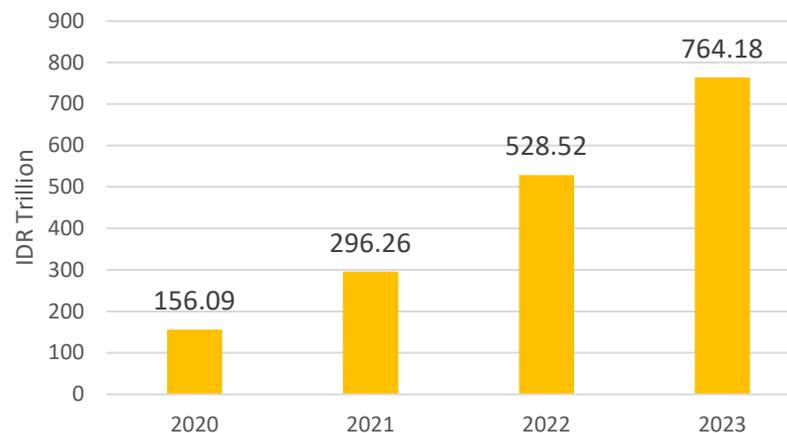
Source: Securities Commission Malaysia (2025)

Growth comparison with the neighboring countries

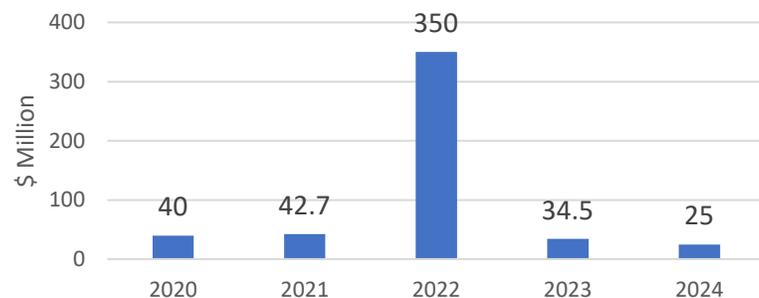
CROWDFUNDING MALAYSIA



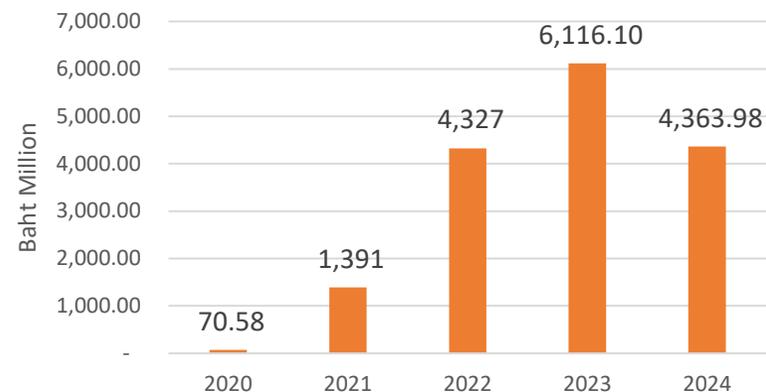
CROWDFUNDING INDONESIA



CROWDFUNDING SINGAPORE



CROWDFUNDING THAILAND



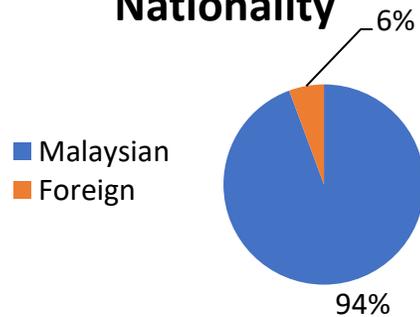
In comparison to its neighboring peers, Malaysia recorded a consistent growth in terms of total capital raised via crowdfunding, similar to Indonesia and Thailand. Nonetheless, the number dropped in 2024 for Thailand.

Crowdfunding in Singapore grew significantly in 2022 but not in other years.

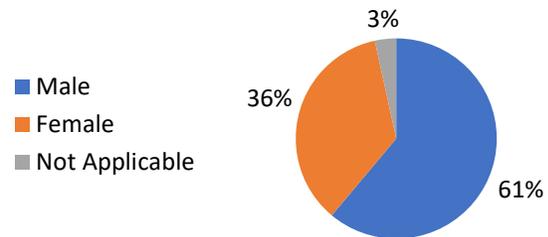
Demographics of ECF & P2P investors (as at 2025)

ECF

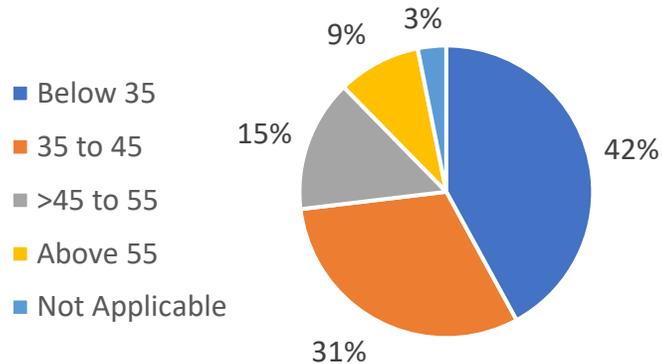
Nationality



Gender

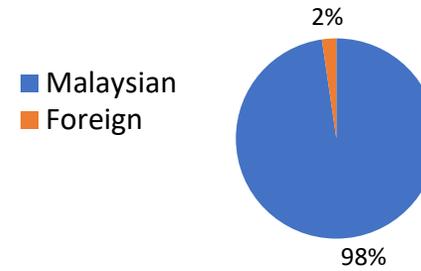


Age Group

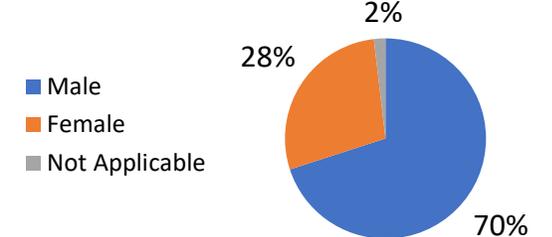


P2P

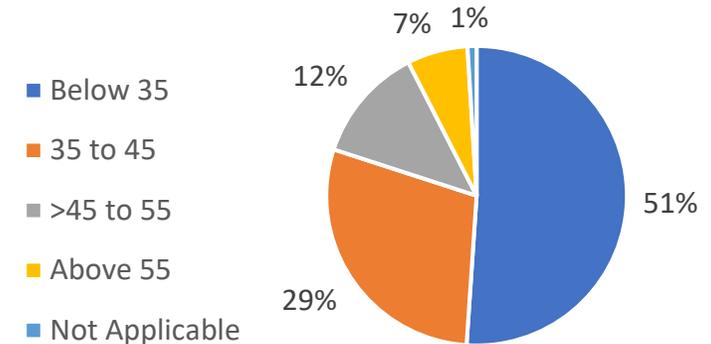
Nationality



Gender



Age Group

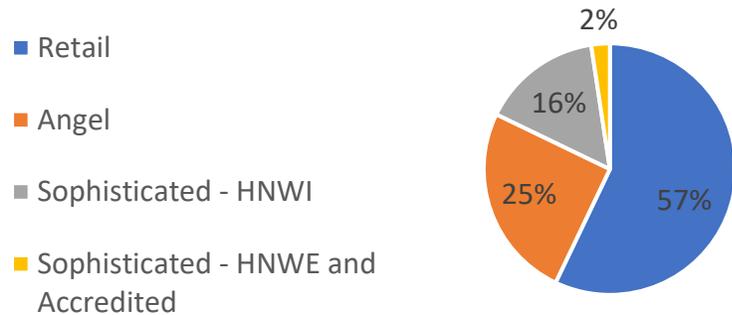


Source: Securities Commission Malaysia (2025)

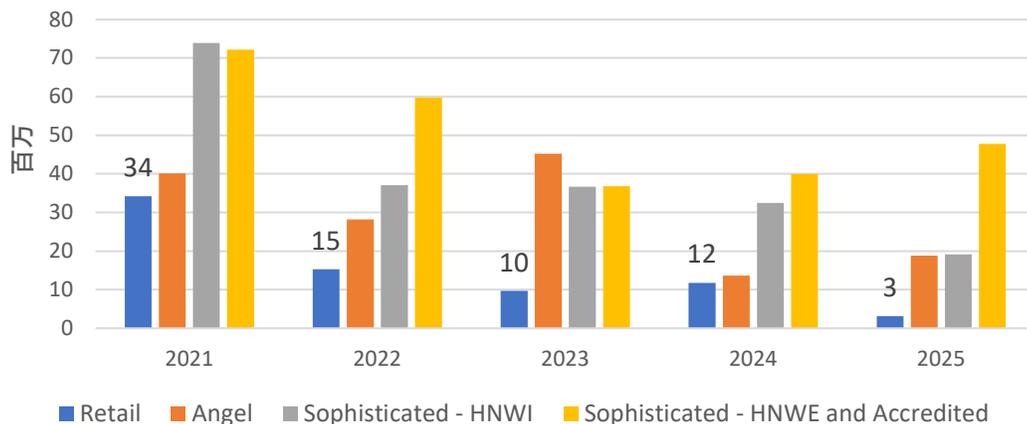
Demographics of ECF & P2P investors (as at 2025)

ECF

Investors Type

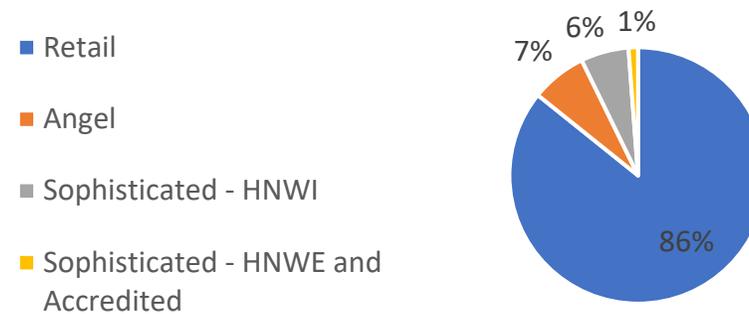


ECF Investment Amount (RM)

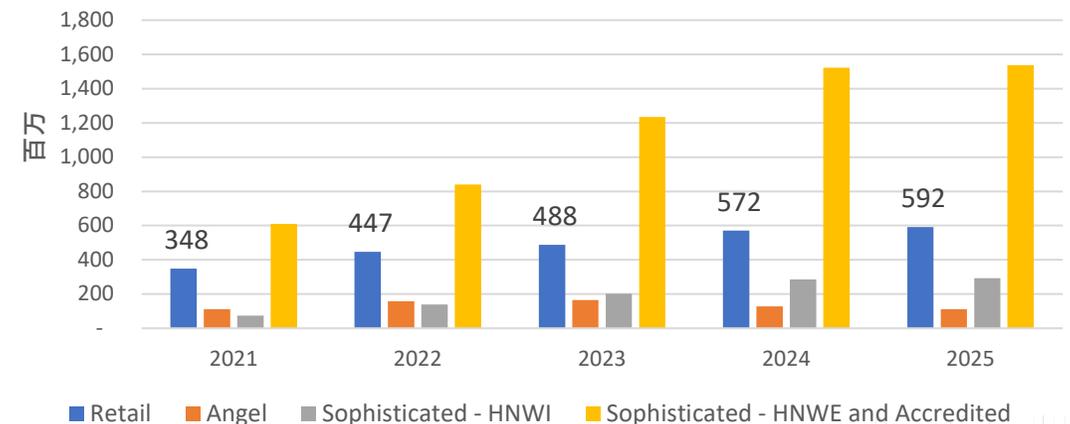


P2P

Investors Type

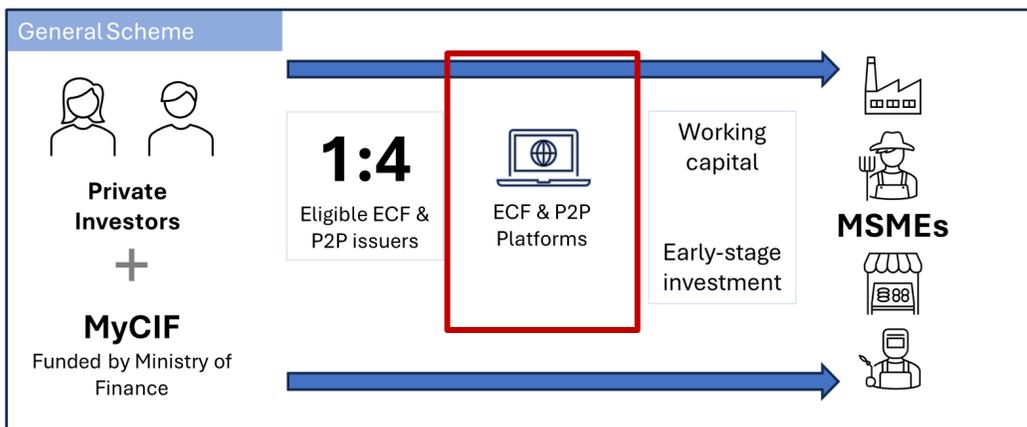


P2P Investment Amount (RM)

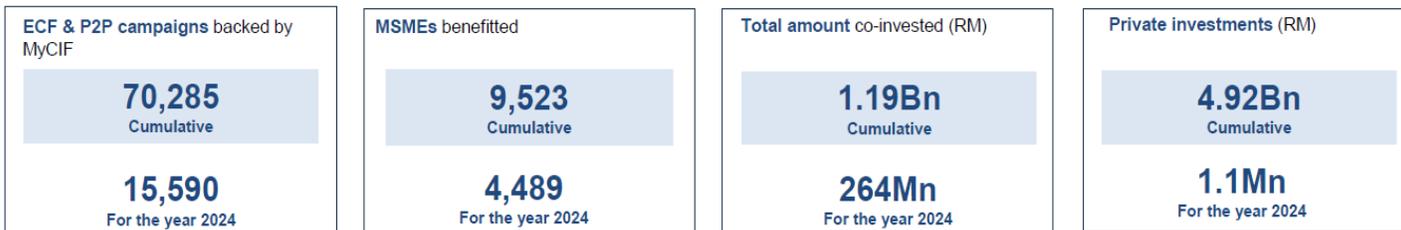


Introduction of MyCIF: a public-private co-investment model...

To create a public-private partnership mechanism for risk capital financing, to enhance the visibility and efficiency of government fund disbursement to MSMEs, and to **crowd in more private investors and to spur further growth in alternative financing markets via ECF and P2P**.



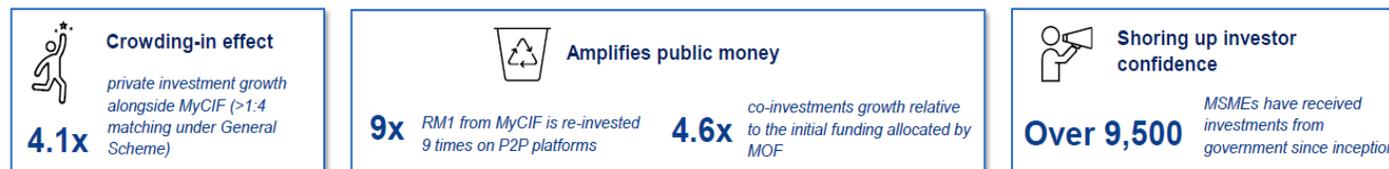
MyCIF in numbers (Q4 2019 to Q4 2024):



MyCIF participation in total ECF and P2P market (Q4 2019 to Q4 2024):



Key features of MyCIF (Q4 2019 to Q4 2024):

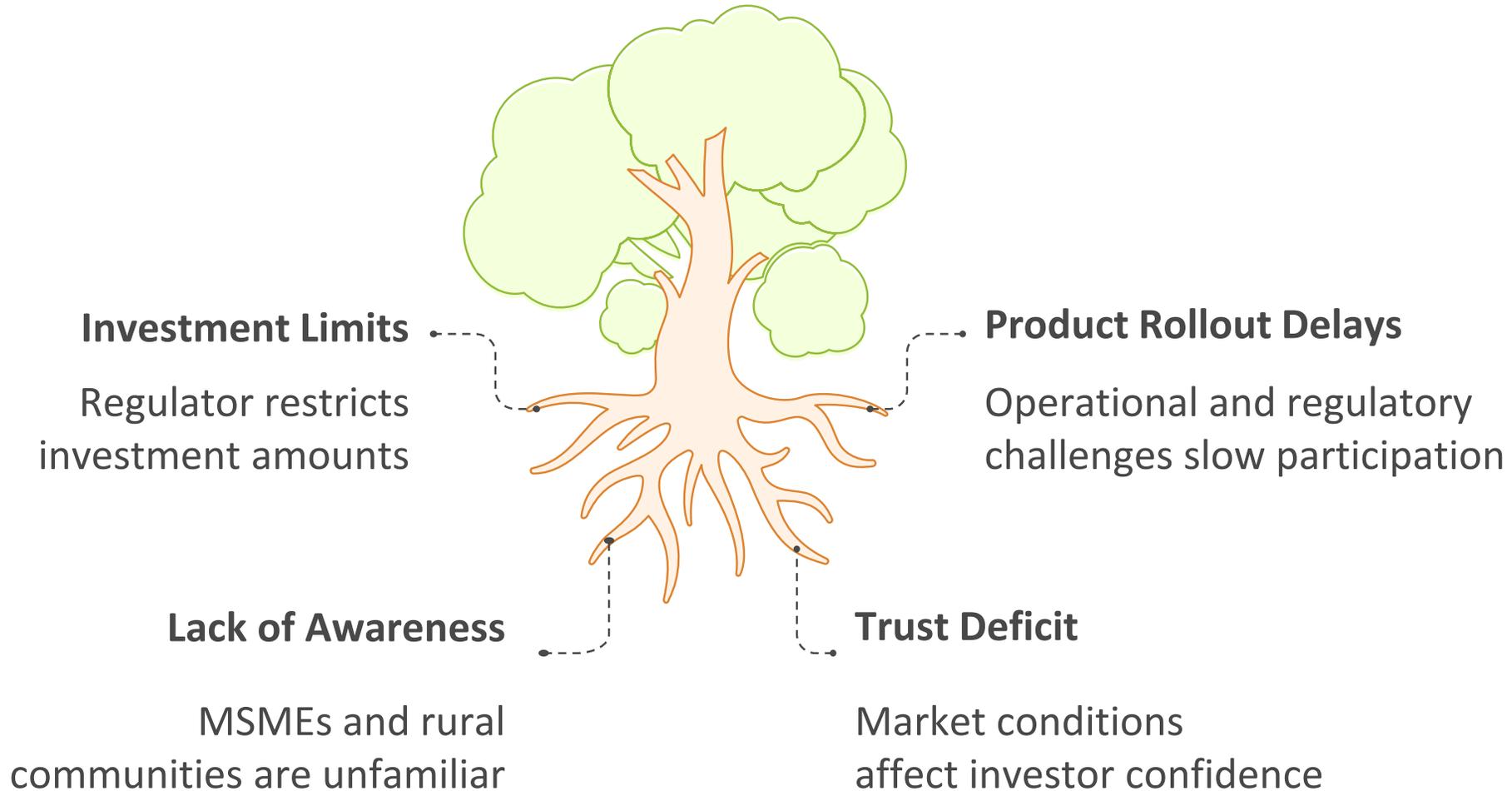


Source: Securities Commission Malaysia, MyCIF Annual Report (2024)

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Challenges and Policy Recommendations

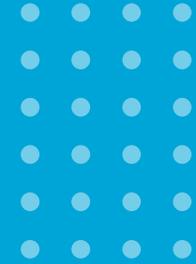
Challenges faced by retail investors in ECF & P2P



Policy Recommendations

1. Effective risk management, particularly in financial and technology risks:
 - Proactive monitoring, identification, and mitigation of risks are essential to ensuring preparedness against uncertainties and potential disruptions; hence safeguarding investors' interests.
2. Expansion of product services and offerings:
 - Innovative products with 'protected investment' and 'secured financing' options to cater for risk-averse retail investors. For example, extending financing options to government procurement financing schemes (i.e., MSMEs and small contractors participating in government contracts), Shariah-compliant instruments that can garner more retail participation among Muslims.
 - Credit rating of issuers can be introduced by the ECF and P2P platforms at lower costs.
 - Standardised valuation methodologies across various P2P products for fair pricing.
3. Retail development via campaigns, marketplace fair, and workshop series to retail investors to build more talents and promote capacity building. Financial literacy, awareness and education via structured education programmes, industry dialogues, video series, podcasts, etc. to broaden market participation.
4. A conducive tax environment for greater individual participation in the ECF market.
5. Facilitating more secondary markets for liquidity solutions and exit mechanisms.
6. Liberalisation of retail investment limit, particularly for ECF – depending on market maturity.

Thank You



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