



Project on “Empowering SME Development Agencies with Innovative Financing Solutions under the OIC-SMENET Framework”

Workshop on “Designing Implementation Strategies for Innovative SME Financing Support Mechanisms”

16-17 September 2026

Ankara, Türkiye

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Designing Innovative SME Financing Mechanisms

Pioneering Regulatory, Credit
Scoring, and Credit Guarantee
Solutions

- Lessons from Malaysia

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Empowering SME Development Agencies with Innovative Financing Solutions under the OIC-SMENET Framework

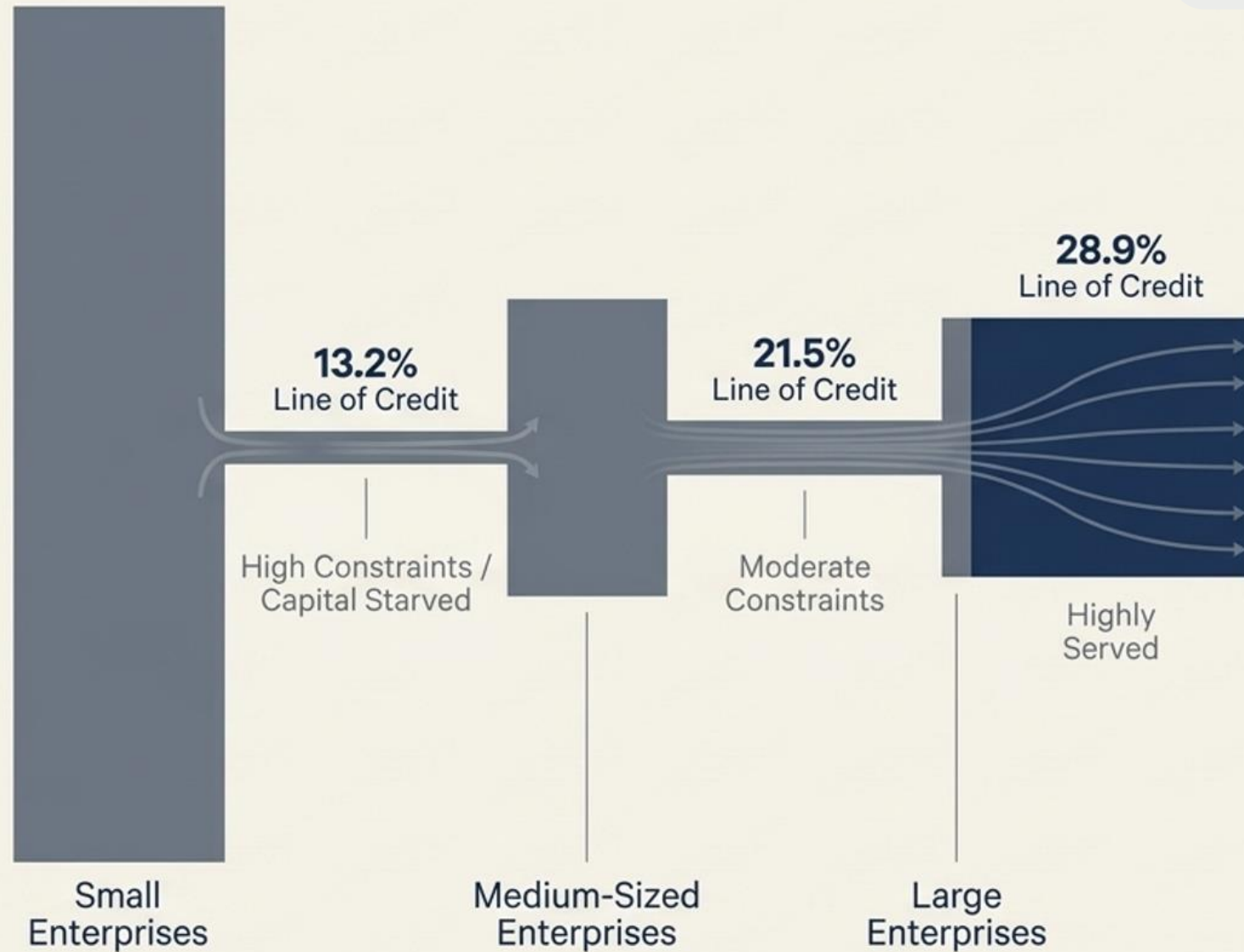
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Addressing the Credit Chasm - OIC and Malaysia Comparison

Formal credit heavily favors large corporations over the micro and small firms driving the broader economy

Access to finance is the single biggest operational obstacle for OIC small firms, with **20.1%** identifying it as their most critical barrier.

Credit Chasm



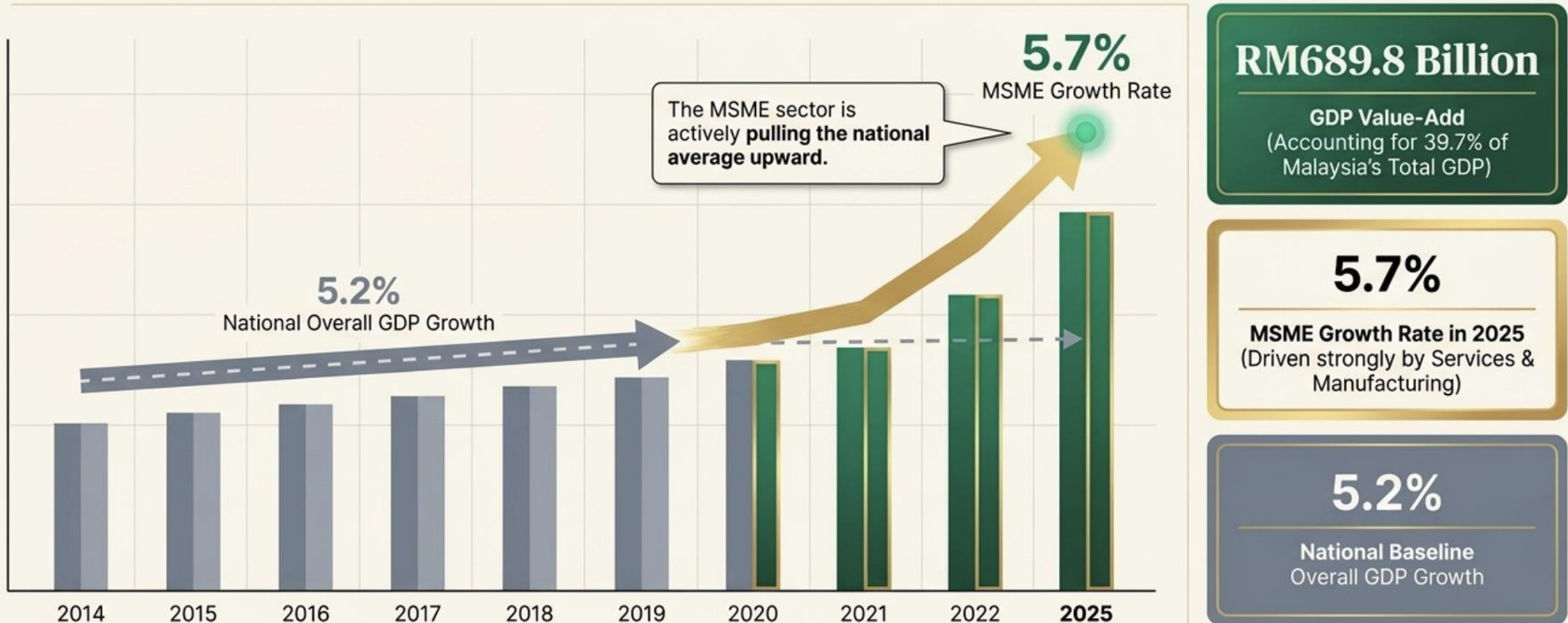
Bridging the credit chasm transforms MSMEs from constrained domestic engines into global export catalysts.

Comparison Matrix	Typical OIC Baseline	The Malaysian Benchmark
Financing Access	Highly constrained. Credit disproportionately favors large corporations (28.9%) over small firms (13.2%).	Innovative financing support mechanisms successfully targeting the massive 77.4% micro-majority .
Economic Velocity	Trailing potential output due to chronic capital starvation.	MSME GDP growth (5.7%) actively outpacing overall national GDP (5.2%).
Market Orientation	Largely restricted to domestic activity with severely constrained scaling capability.	Highly export-driven (+10.5% YoY export growth) rapidly expanding via global Halal and Tourism value chains.

Malaysia's targeted financing mechanisms enable MSMEs to actively outpace national economic growth

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By implementing innovative SME financing support mechanisms, Malaysia has successfully cleared the capital bottleneck, turning its MSME sector into a high-growth regional benchmark.

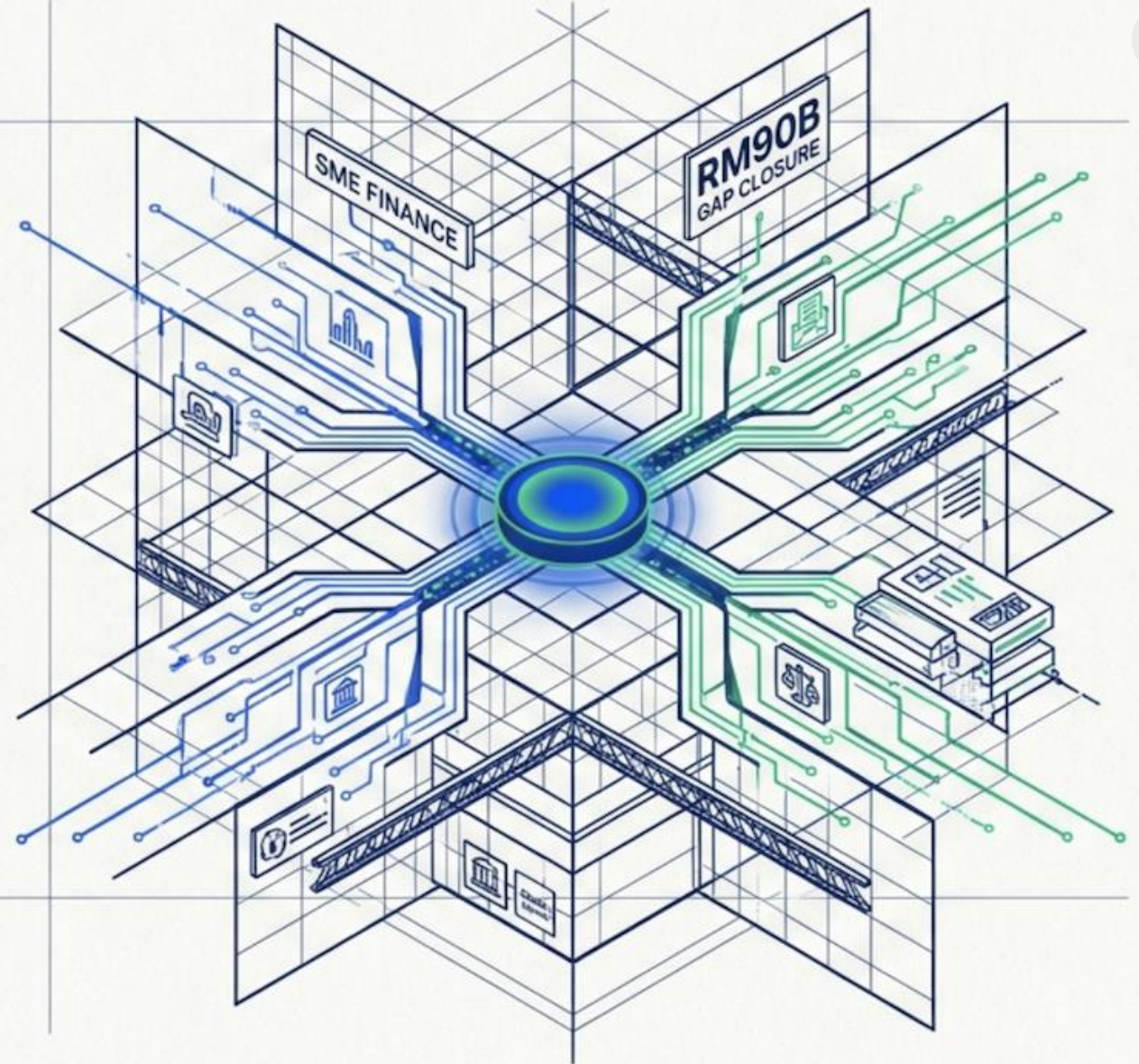


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Malaysia's Regulatory Initiatives - Frameworks and Policies

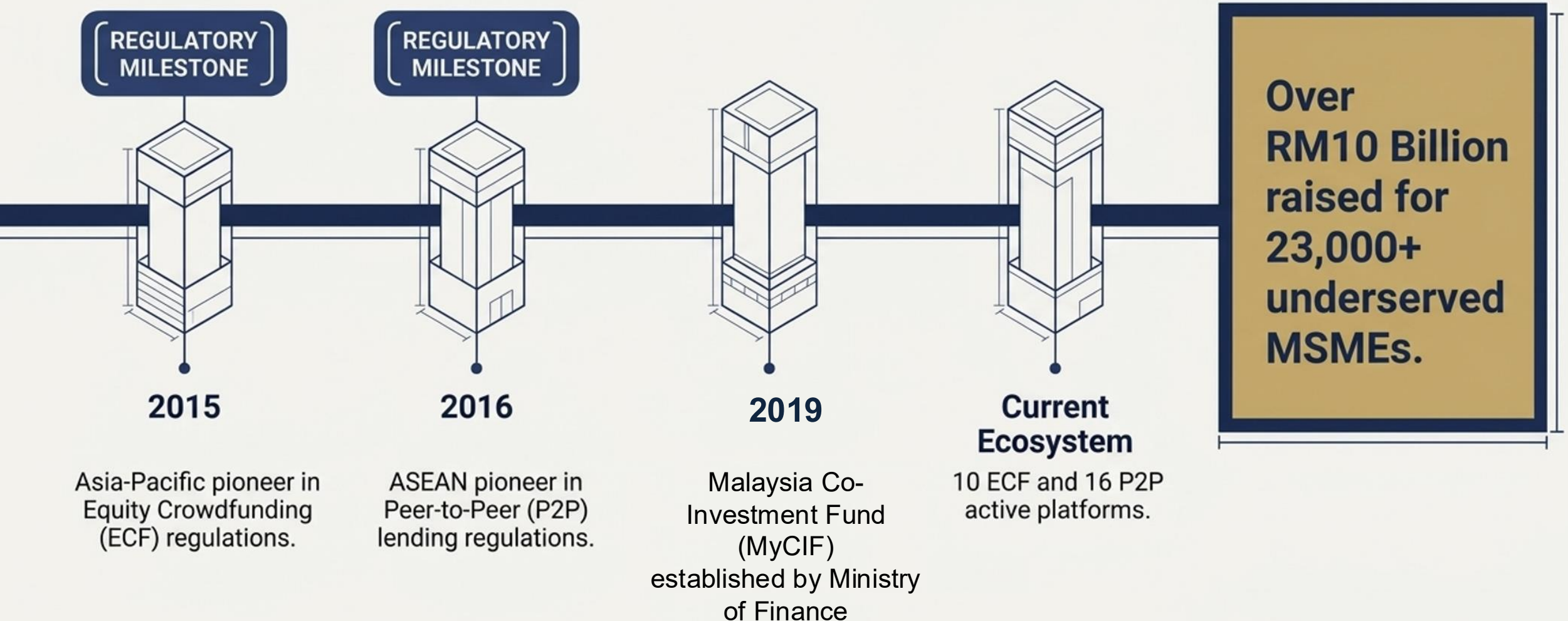
Securities Commission Malaysia's Capital Market Masterplan 3 (2021-2025)

How regulatory foresight,
public-private co-investment,
and digital risk-mitigation
are closing a RM90 billion
SME financing gap.



Regulated ECF & P2P platforms raise over RM10B to democratize MSME fundraising – Progressive regulatory frameworks unlock an agile alternative capital market

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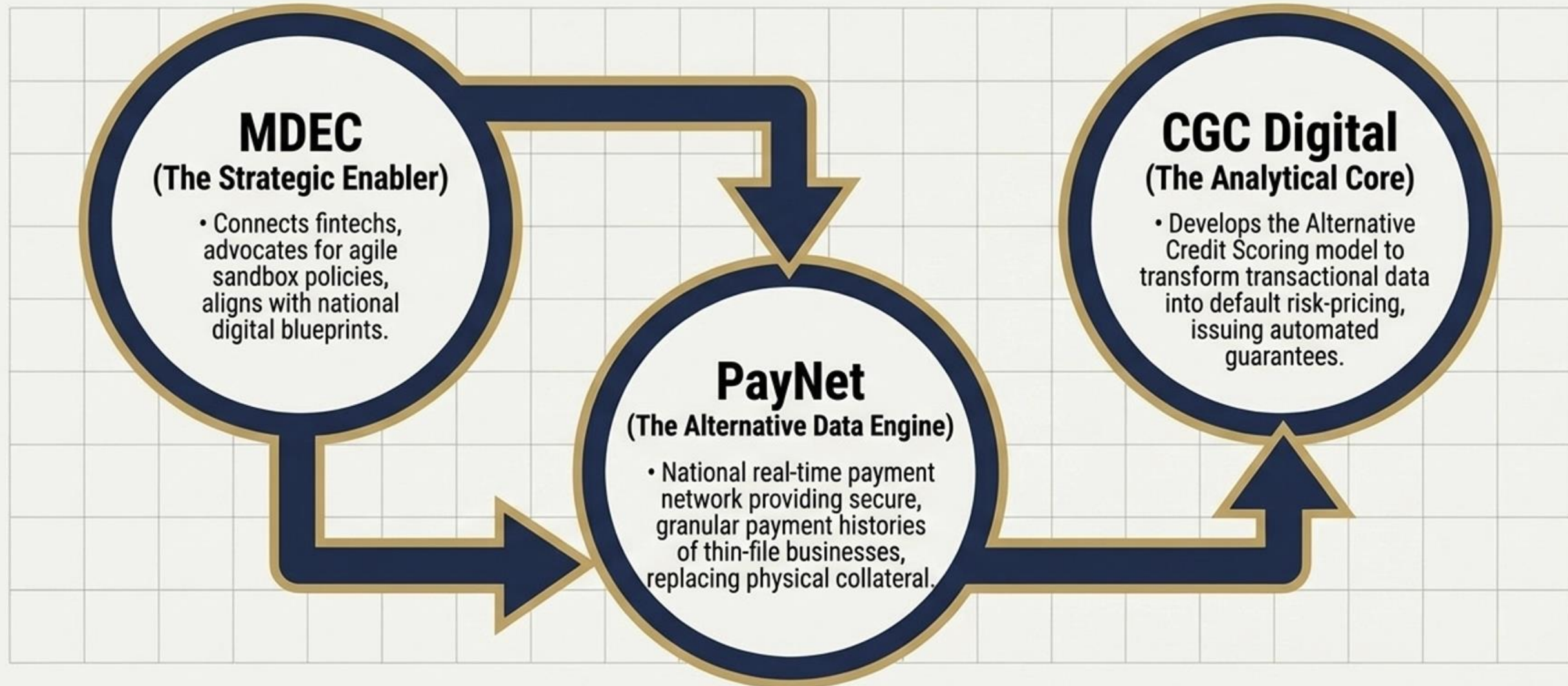
**Architecting the Digital Ecosystem
- Targeted Industry Stakeholders**

Tripartite data integration transforms raw payment histories into actionable credit pricing

[TECH ENABLER]

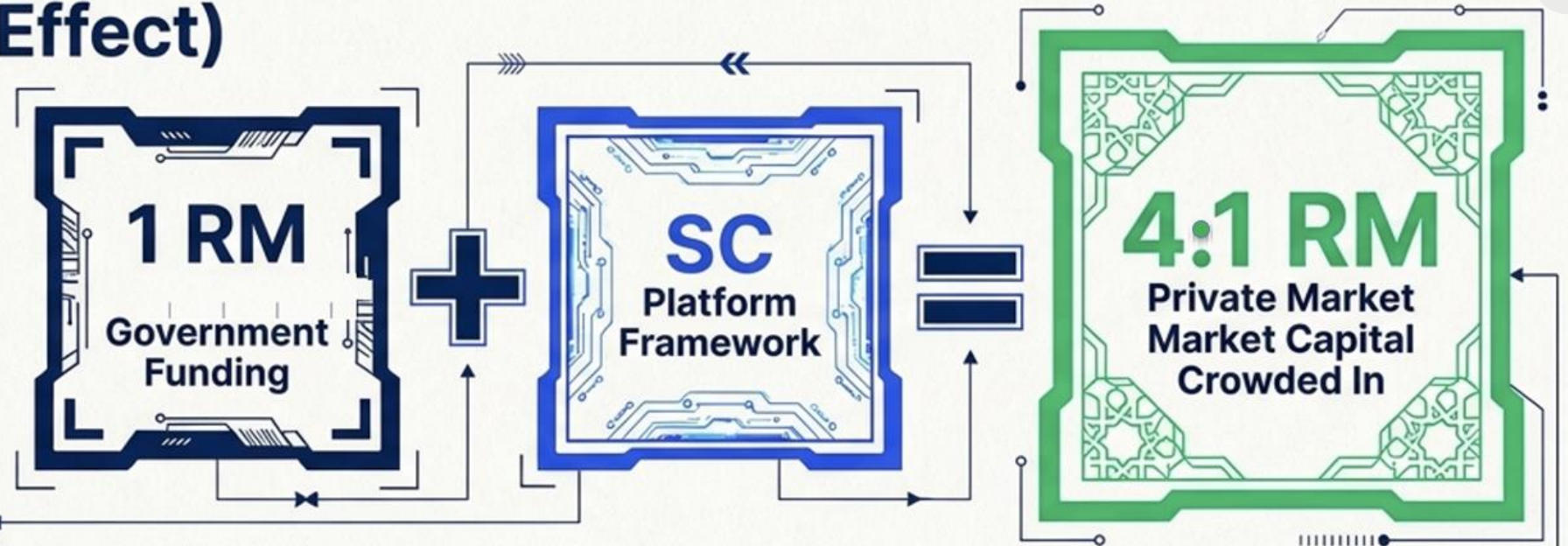
[SYSTEM ARCHITECTURE]

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Pillar 1: Capital Catalysis (The Leverage Effect)

The Malaysia Co-Investment Fund (MyCIF) proves that governments do not need to fully fund the gap—they just need to trigger the market.



**RM1.50
Billion**

Total cumulative co-investments reached by 2025

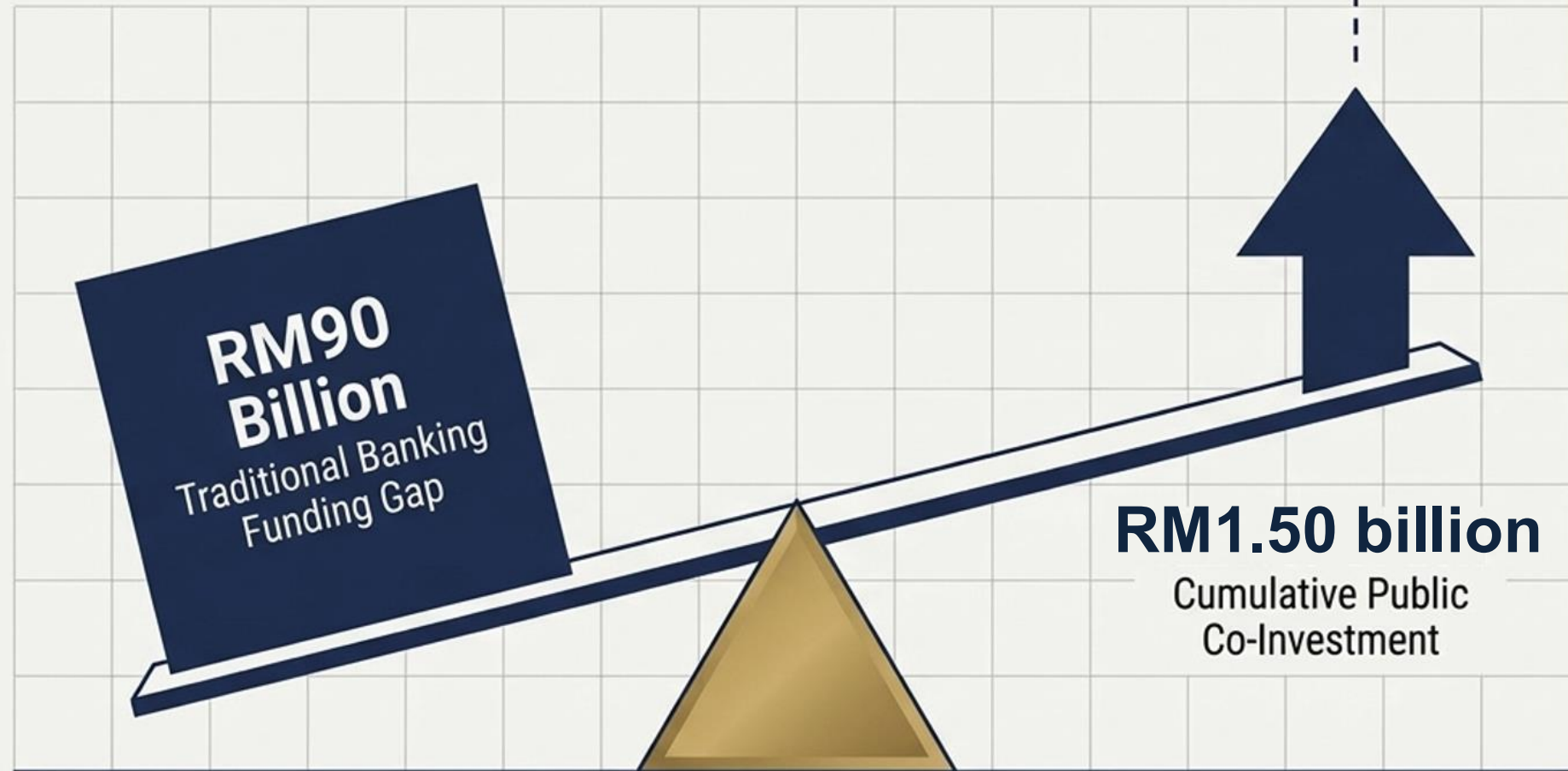
**4.14x
Efficiency**

Total co-investment is a 4.14x multiple of the original RM260 million disbursed by the government since 2019.

**11,500+
MSMEs**

Financed through this public-private co-investment structure.

Public co-investment acts as a fulcrum to multiply private capital market liquidity



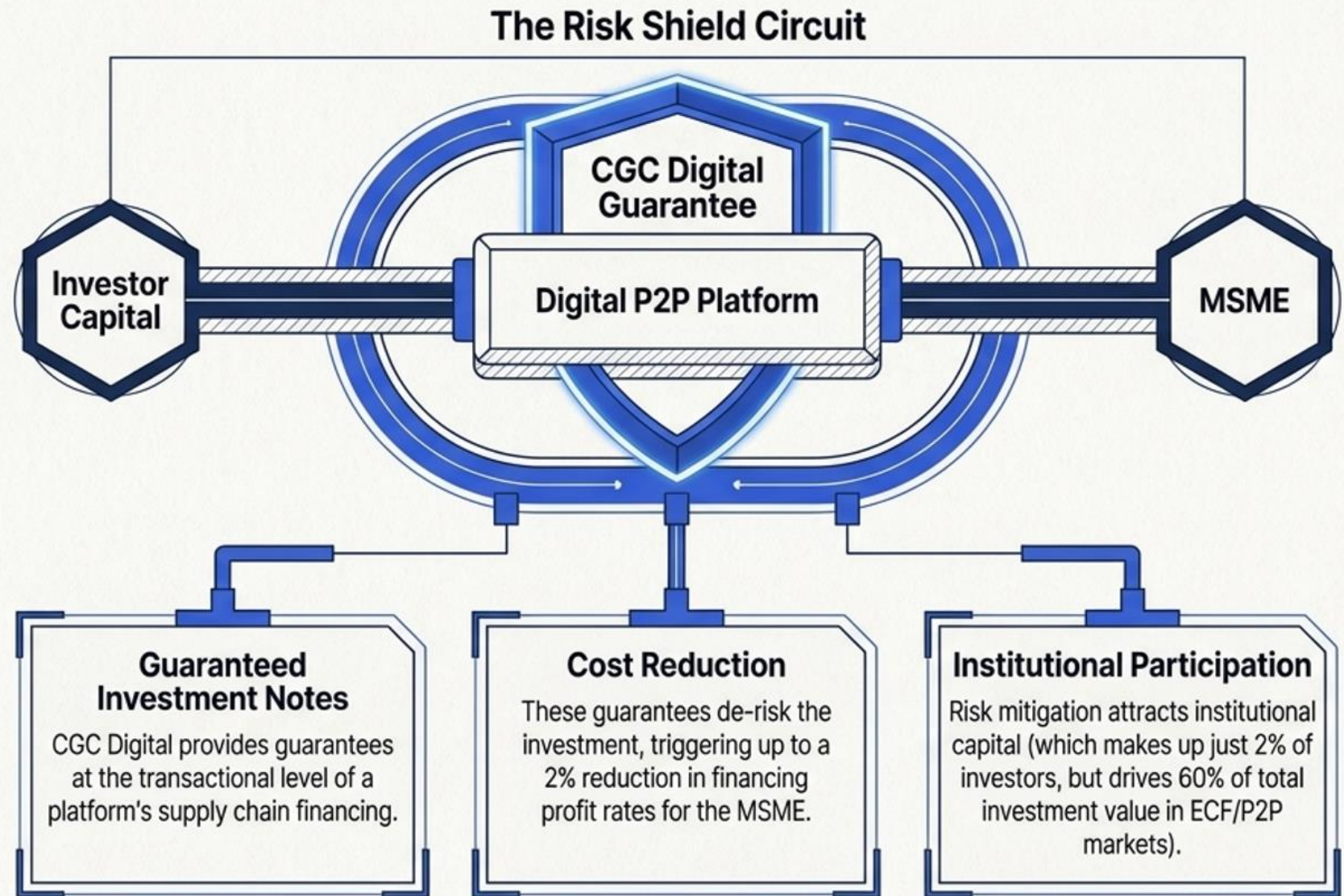
4.1x
Leverage Ratio

Public funds **crowd-in**
private capital to fund
11,500+ MSMEs
nationwide

MyCIF
(Malaysia Co-Investment Fund) / MoF

Pillar 2: Digital Risk Mitigation

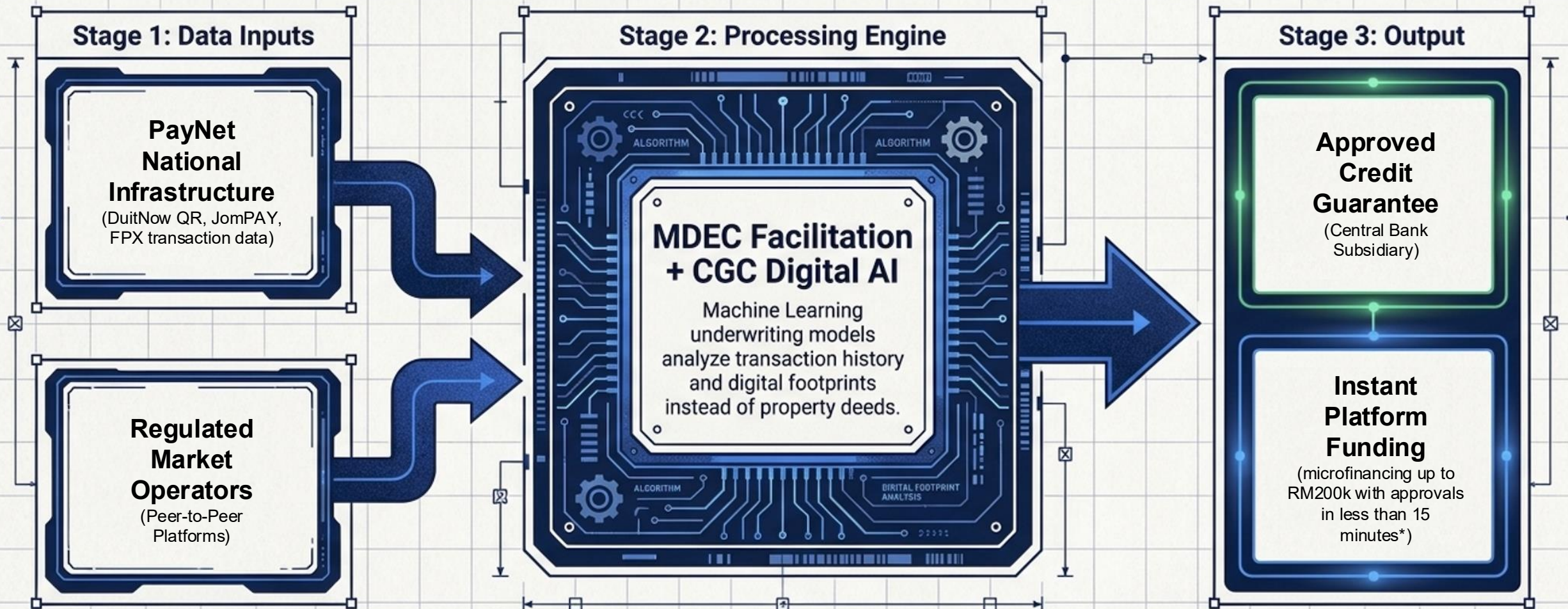
To draw retail and institutional investors to higher-risk MSMEs, CGC Digital injects sovereign-backed trust into digital platforms.



Pillar 3: Data-as-Collateral

"Thin-file" MSMEs lack formal accounting, but generate massive data exhaust. Malaysia harnesses this to bypass traditional physical collateral.

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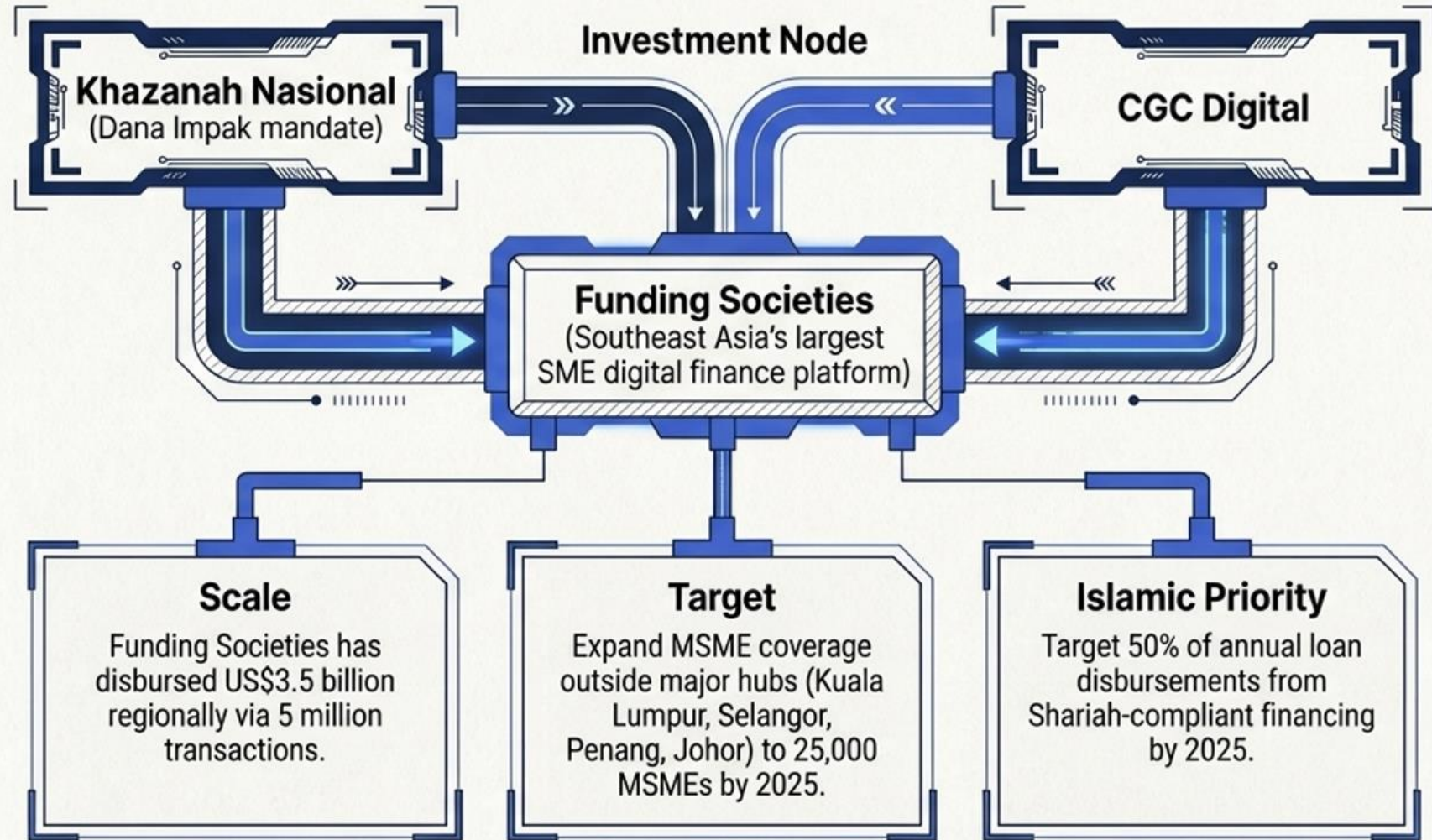


*Note: <https://fundingsocieties.com.my/sme-micro-financing/bukku>

Sovereign Skin-in-the-Game: The Platform Alignment

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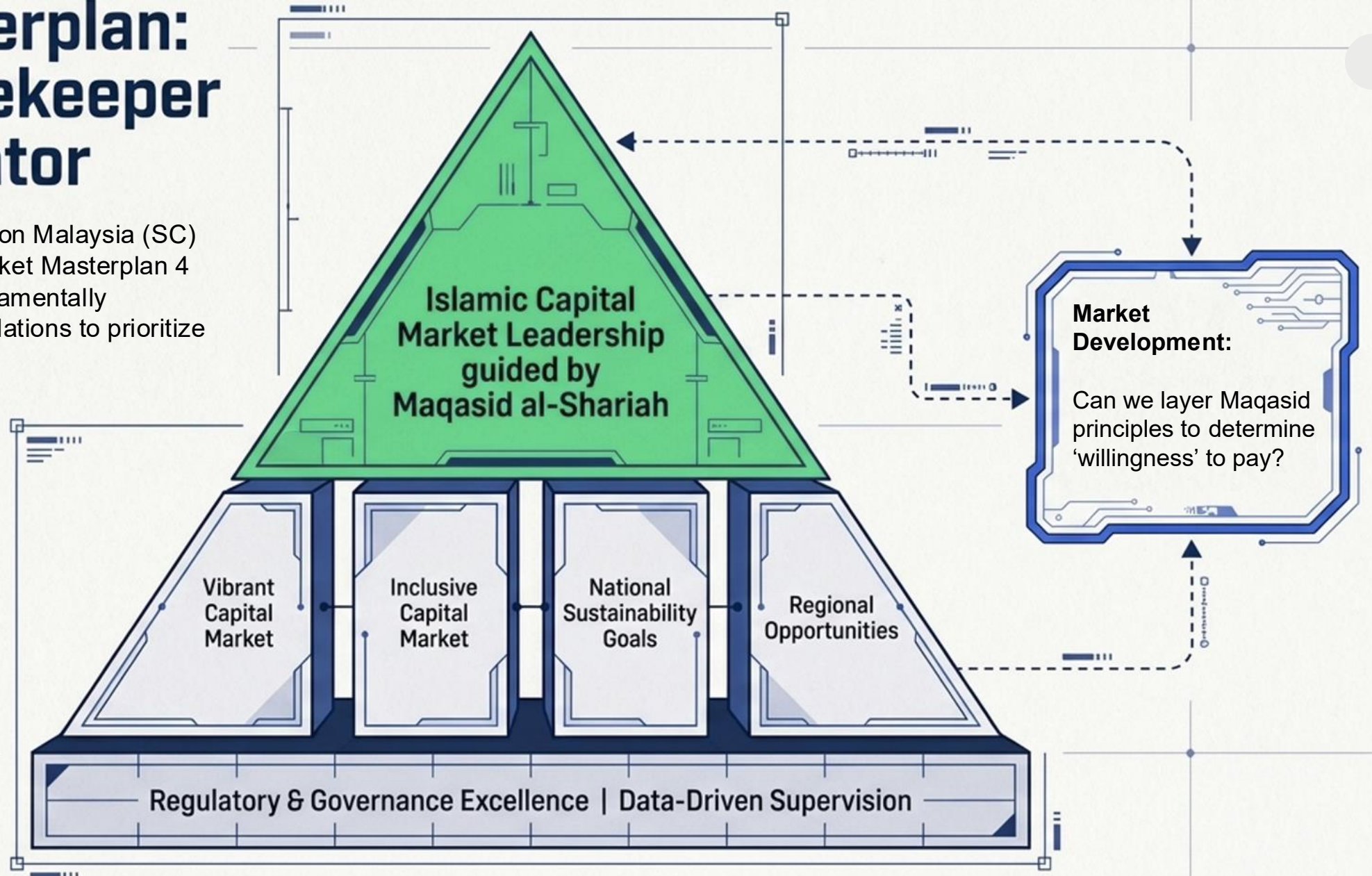
Beyond just making rules, Malaysia's sovereign wealth fund (Khazanah Nasional) and guarantee arm (CGC Digital) take direct equity stakes in digital lending platforms.



The Masterplan: From Gatekeeper to Facilitator

The Securities Commission Malaysia (SC) deployed the Capital Market Masterplan 4 (CMP4) 2026-2030, fundamentally recalibrating market regulations to prioritize growth and inclusion.

In Mar 2026, SC launched the FIKRALab (ICM Innovation Lab) to serve as a structured co-creation and applied research platform to develop new, ethical, and value-based products and instruments for the Islamic Capital Market (ICM).

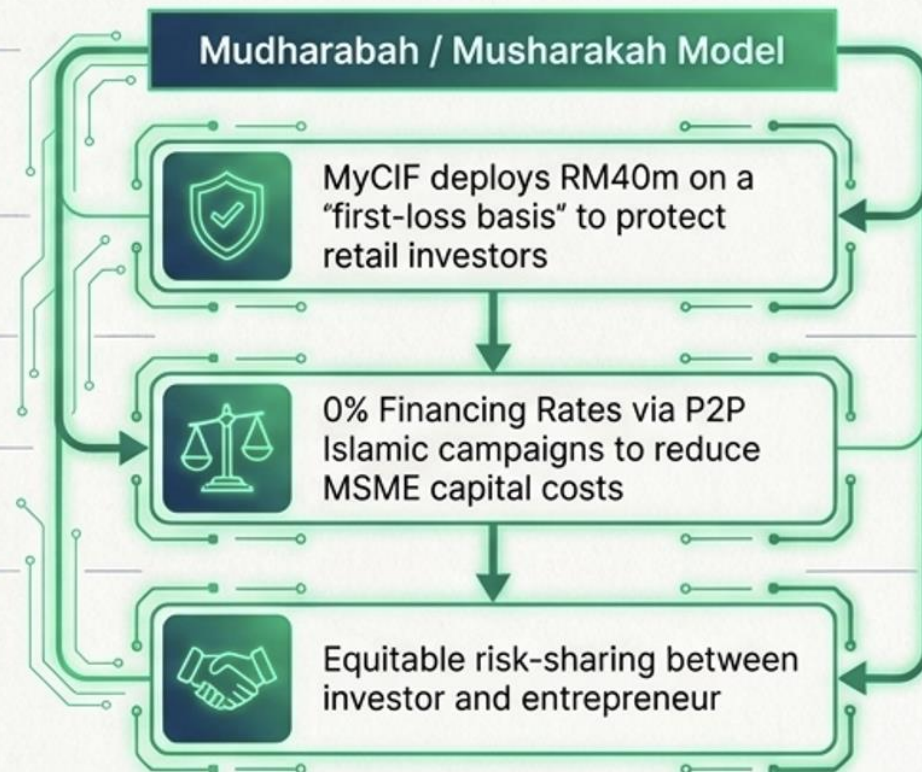
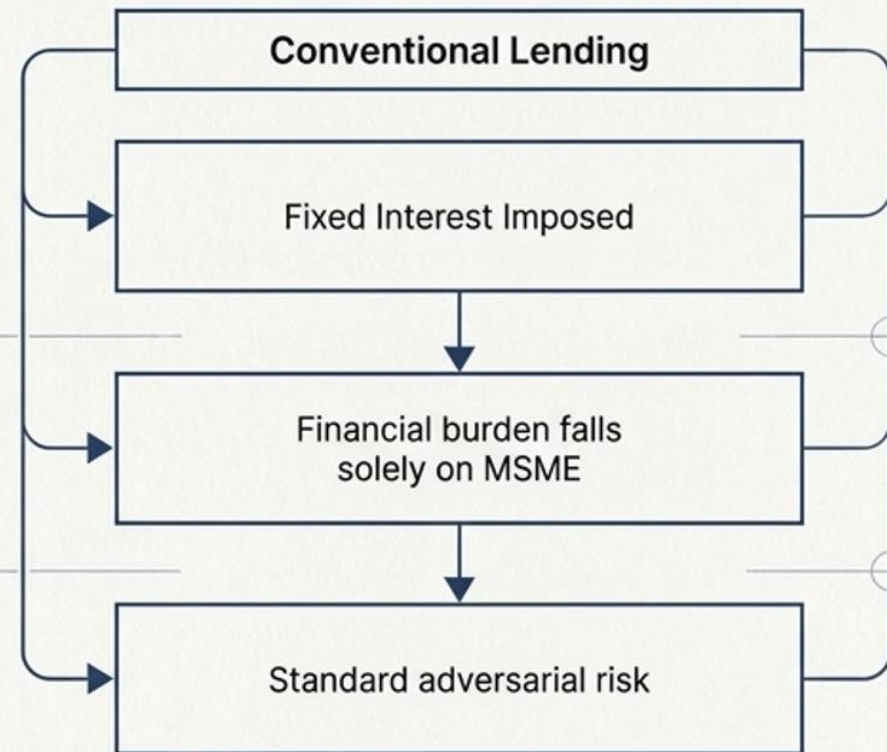


The Frontier: Islamic FinTech & Ethical Capital

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Driven by the CMP3 mandate, Islamic ECF and P2P financing sustained its upward momentum in 2025, building on the 30% market share (RM787.6 million) achieved the previous year.

Islamic Risk-Sharing Mechanism Diagram



Diagnosing the RM90 Billion 'Missing Middle'

Despite their economic dominance, Malaysian MSMEs face a structural US\$19 billion (RM90 billion) financing gap, unable to access traditional credit lines.

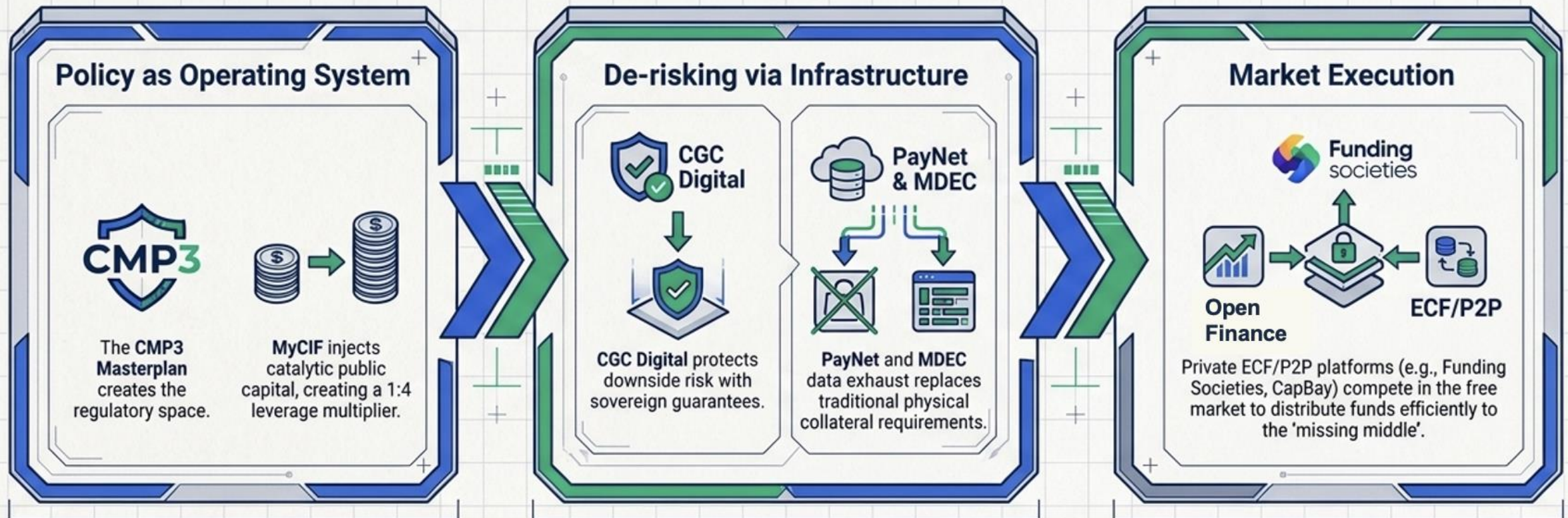
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The Missing Middle Diagnostic Matrix			
	Traditional Banking Model		The Malaysian Alternative Model
Underwriting	●	Backward-looking financials.	● Algorithmic, cashflow-based (alternative data).
Security	●	Heavily collateral-dependent (property/assets).	● Digital guarantees and co-investments.
Target Scale	●	Medium-to-Large enterprises with rich credit files.	● 'Thin-file' Micro and Small enterprises.
System Friction	●	Manual, lengthy approval timelines.	● Digital-first, rapid disbursement (e.g., 24-hour micro loans).

The Blueprint for Replication

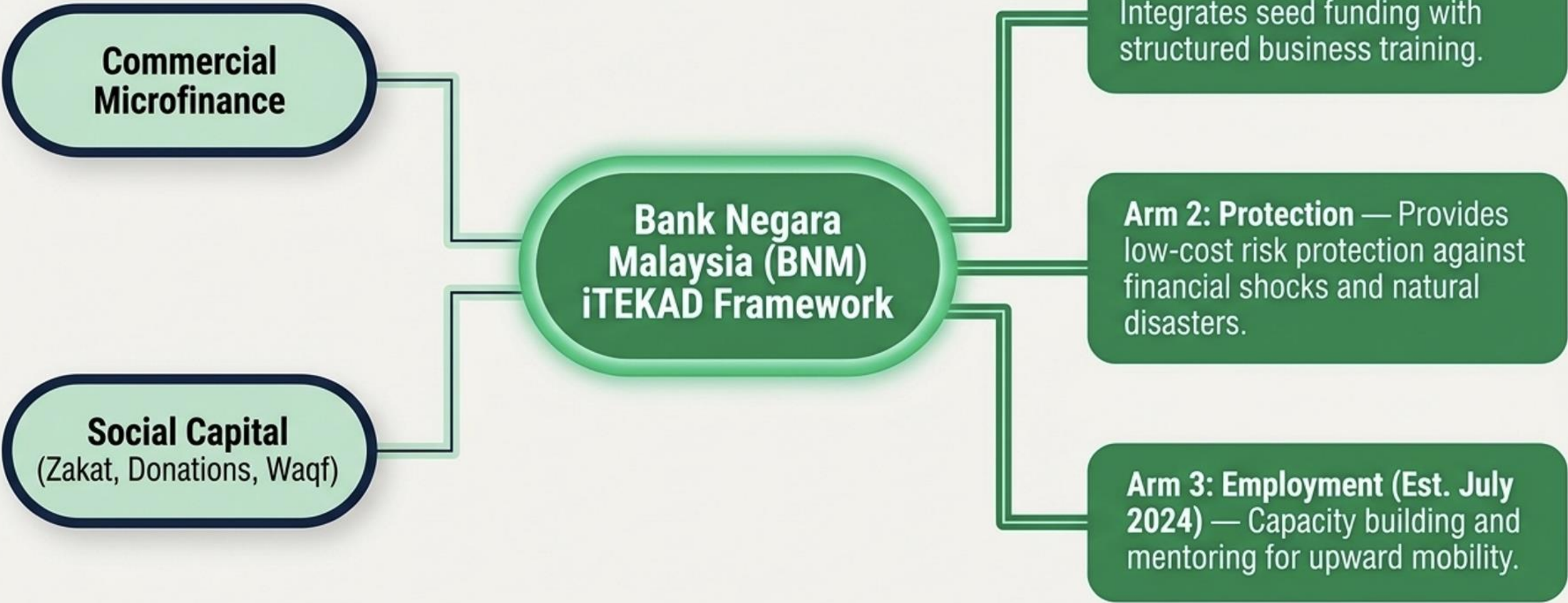
The Malaysian success story is not a single policy, but an **integrated architecture of capital, data, and regulation.**

The Unified System Architecture

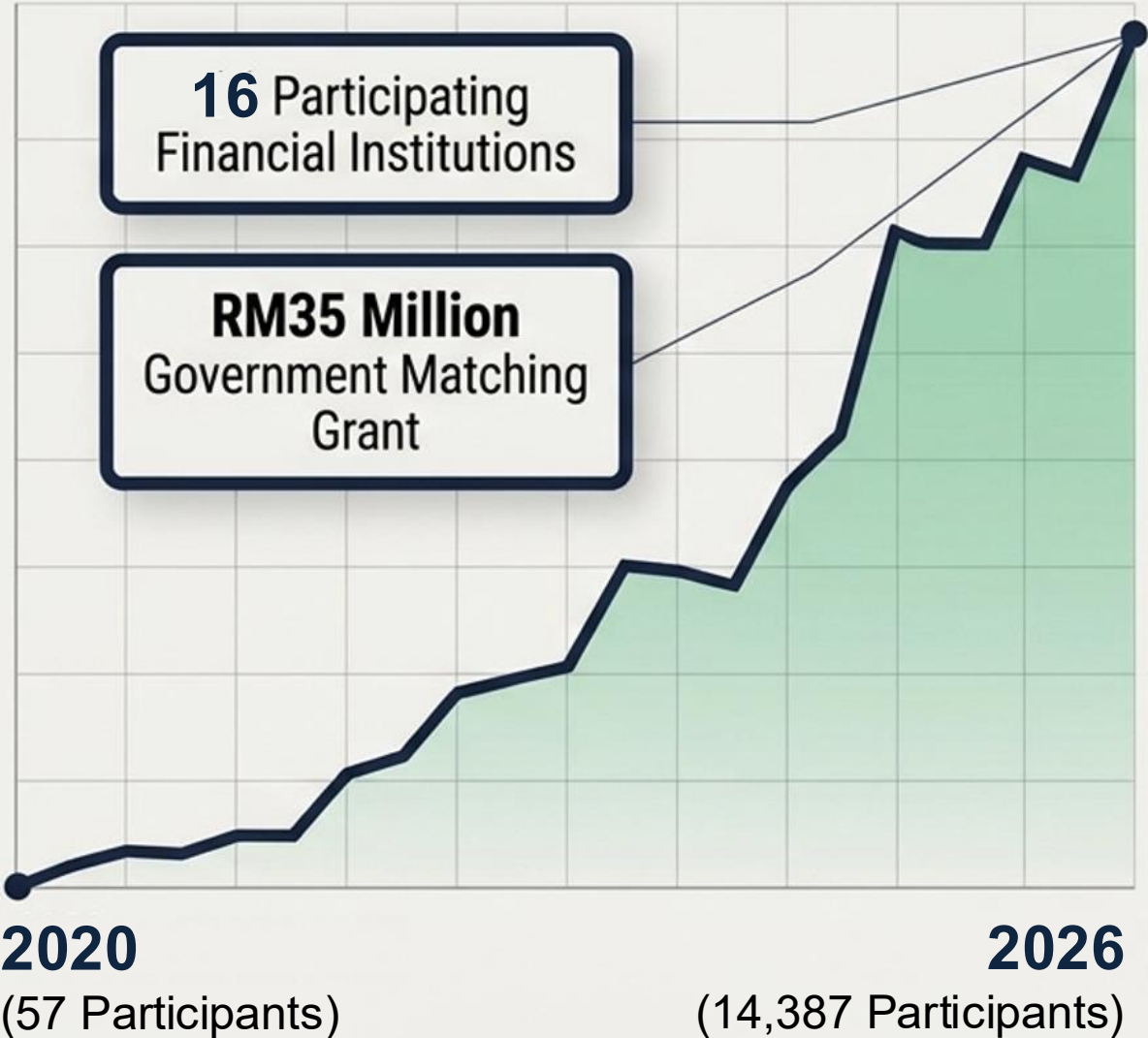


iTEKAD blends commercial microfinance with social capital to protect vulnerable segments

Launched by BNM in 2020, the programme blends microfinance with zakat, donations, and cash waqf to help low-income entrepreneurs start or keep their businesses running



Scaling blended finance requires navigating delivery and tracking hurdles



Delivery Inconsistency	Variable PFI training frameworks require standardized tech partnerships.
Credit Tracking Gap	Lack of participant credit score tracking demands integrated socio-economic screening.
Digital Success	95% of entrepreneurs built online/e-payment capabilities, proving digital readiness.

Source: <https://www.bnm.gov.my/social-finance/itekad-entrepreneurship>

Ecosystem Diagnostic: Mapping interventions to MSME lifecycle needs

	Target Demographics	Capital Source	Data Mechanism	Primary Benefit
iTEKAD (Social Finance)	B40 Micro-segments	Zakat, Waqf, Microfinance	Socio-economic screening	Poverty eradication & shock protection
P2P Lending	Missing Middle / Working Capital	Retail, Institutional, MyCIF	Cashflow & Alternative Scoring	Agile short-term liquidity
Equity Crowdfunding (ECF)	Growth-stage / Scaling Firms	Private Investors, MyCIF	Business valuation	Patient growth capital
Digital Guarantees	Thin-file unbanked MSMEs	State-backed risk pool	PayNet transactional data	Lowers cost of capital by up to 2%

“Capital engineered for inclusion.”

To bridge the financing gap, the role of Regulators must evolve. It is no longer just the gatekeeper of the market – it is the architect of the ecosystem.

Questions & Answers