

## **Financial System of Malaysia– A Review**

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### ***Abstract***

*Development of a strong financial system is very crucial for the growth of an economy and more particularly the developing economies. The economic growth of an economy directly depends on the strong foundations of financial institutions, financial markets and financial instruments. This paper presents an overview of Malaysian economy in terms of the measures initiated by the government to strengthen the financial system and to achieve desired economic growth. The paper examines the development aspects of financial institutions and financial markets. The focus attached to develop the financial system has also been analysed. The Small and Medium Enterprises (SME) sector plays a significant role in the growth the Malaysian economy. Various strategies adopted by the government to promote this sector have also been covered. The paper also covers the new economic policy adopted by the government. These developments are also analysed in post global financial crises era. The paper also covers important developments of capital market including private debt securities markets.*

**Key words:** Financial system, GDP, Islamic finance, DFIs, Private debt