



Views and Reviews



Message of SECP Chairman

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Chairman, Securities and Exchange Commission of Pakistan

At the outset, I wish to congratulate Mutual Funds Association of Pakistan (MUFAP) on the publication of its Yearbook for the year 2015. The mutual fund industry in Pakistan has come a long way in the past few years and witnessed significant growth from a meager sum of Rs. 24 billion at the time of establishment of MUFAP in 2001 to today's Rs. 492 billion total assets under management.

Over the years, regulatory framework for mutual funds industry has been adapted to meet the changing industry dynamics and international best practices.

In a bid to expand the outreach of the mutual funds with the objective to provide investment and saving opportunities to investors of small cities, the Securities and Exchange Commission of Pakistan (SECP) has encouraged the asset management companies (AMCs) to establish the business hubs jointly in various cities. First of such financial hub has been setup in Abbottabad where five AMCs have opened their branches. Other AMCs should also join this initiative by opening up joint set ups in other small cities.

In our endeavors to raise awareness about safe investments, increase retail penetration and build investor confidence, SECP has launched a dedicated investor education portal "Jamapunji" to impart comprehensive information about Pakistan's investment products including mutual funds. The web portal is expected to produce a new generation of financially literate investors.



Despite the considerable growth in the assets under management over years, it has been noted with concern that mutual fund industry has not been successful in attracting the requisite retail investors' participation. The review of international jurisdictions suggests that high level of participation of the public and retail investors is imperative for the sustainable growth of the industry. It is therefore, important for the mutual fund industry to focus on increasing retail participation in the years to come.

The mutual fund industry should lower their management fee and other charges to offer competitive returns to the investors as compared to other financial products. Furthermore, dedicated efforts are required by the industry to streamline operations of mutual funds, thereby, making the process of investment and divestment simple and easy for retail investors. In this context, the industry should take full advantage of the recent technological advances. The mutual funds industry also needs to operate with due care and must put investors' interest before their own as such trust building measures would help to maintain investors' confidence in the industry.

In addition to representing the interest of the fund managers as a trade association, MUFAP should assume a much broader role by converting itself into a Self-Regulatory Organization (SRO) with a balanced Board of Directors and independent management. MUFAP has to play a more proactive role towards protection of investors' interests and serve as an information/research repository regarding mutual funds.

In the end, I wish to emphasize that SECP is committed to support the mutual fund industry and AMCs should reciprocate our efforts by initiating positive and concrete measures to take the industry forward by considering investors' interest as prime objective.

