presented by

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Amongst others, these are two key challenges facing the Malaysia stockbroking industry:

- **Era of digitization**
- **Rising cost of doing business**

**Industry challenges**
**Era of Digitization**

In the past, the move towards digitization was primarily driven by the need for automation, to keep costs and risks in check and to address the drive towards more real-time status reporting by removing manual lead-times.

Currently, digitization goes beyond digitization of existing business processes.
- Reinvent entire business processes
- Providing automated decision making
- Dealing with fraud and regulatory aspects
- Aligning operating models to match these reinvented processes
- Facilitate risk & regulatory compliance management

A need to have a holistic and facilitative regulatory framework to support the intermediaries to face the challenge posed by the changing landscape of digitization.
Outlook on digitization vis a vis intermediation landscape

New challenges to keep up with digitization such as: (1) new investments in capex and (2) retraining human resources etc.

Financial intermediaries adapt to clients’ digitalized way of living. A new pool of retail investors replacing existing ageing pools of investors.

DRs/Remisier model need to be enhanced as more clients embrace online and automated algorithmic trading.
Rising cost of doing business. Over the years, the industry costs that we incurred have been sharply increase in terms of amounts and variation.
However, income from brokerage is gradually reducing over the years

- **Prior July 2002** – 1% (1st RM500k trade)
- **After July 2002** – 0.3% (trade >RM100k)
- **June 2003** – 30% discounts on online trade
- **Jan 2008** – Fully nego for online trade
- **Currently** – Online trade as low as 0.035%, institutional trade could be 0.15% or lower depending on the deals.
THANK YOU