



Panel Discussion III : FinTech updates on Malaysia

presented by

Rashid Ismail

22nd AGM of the Asia Securities Forum (ASF)

28 November 2017

The Association of Stockbroking Companies Malaysia is to promote the interest of the stockbroking companies by providing a unanimous “brokers” voice to relevant authorities and the public.

Actively participates in all issues directly relating to the development and progress of the stockbroking industry and to help realise the Government’s vision of transforming Malaysia into a regional financial centre.

ASCM
Association Of Stockbroking Companies Malaysia



The ASCM is run by a Management Committee comprising of nine stockbrokers who are elected by members at our Annual General Meeting. The basic function of the Management Committee is to represent the broking fraternity in discussions with authorities as well as to oversee the general running of the ASCM.

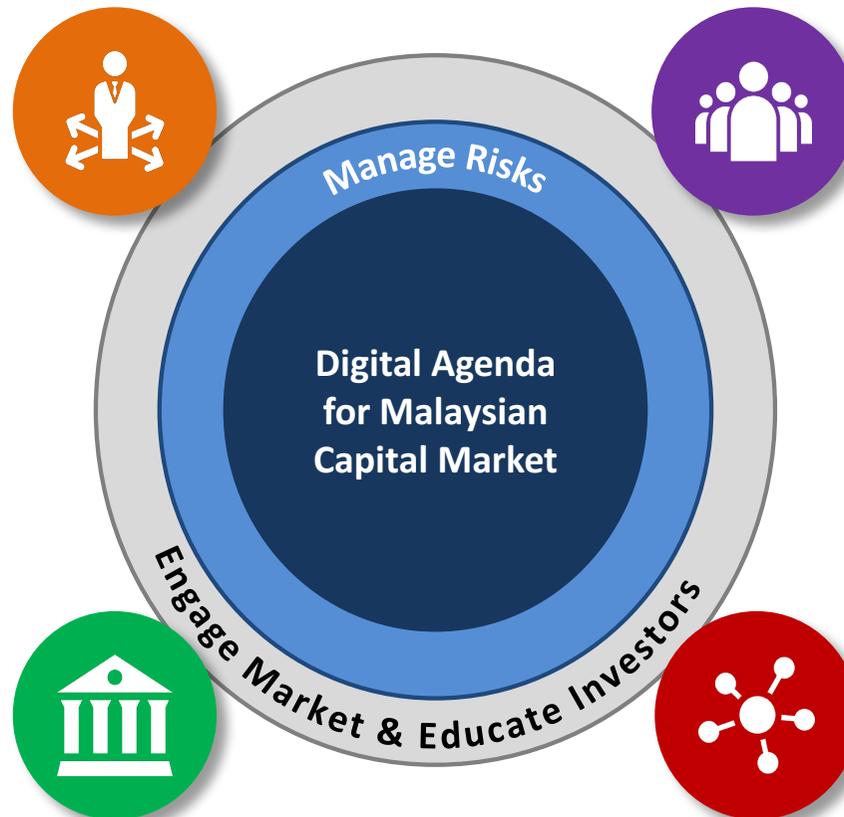
Digital Agenda for the Capital Market Industry

1. Enhance Access to Financing

- Market-based Financing
 - 6 ECF operators live (2016)
 - 6 P2P operators live (2017)

3. Augment Institutional Market

- Markets for OTC
 - Central information repository for bonds / Sukuk to be launched end-2017
- Advanced Analytics adoption



2. Increase Investor Participation

- Digital Investment Services
 - DIM framework (2017)
- Digitising Customer Experience and Traditional Distribution Channels
 - Rakuten Trade licensed (2017)

4. Develop Synergistic Ecosystems

- Trustee Services, Rating Agencies, Guarantee Fund, Gov. Agencies, VC&PE, Industry Utilities
 - SC's aFINity program

Enhance Access to Financing

In May 2016, Securities Commission Malaysia (SC) introduced the Peer to Peer Financing (P2P) framework which enables eligible businesses and companies to access market-based financing to fund their projects or businesses via an electronic platform.

The market-based financing initiatives, ECF and P2P have had good success in meeting the financing needs of our Micro SMEs. We have seen 450 campaigns funded through these platforms with close to RM50million/USD12million raised

ECF have successfully funded 32 campaigns with RM26million/USD6.25million raised.
P2P Financing, all 6 operators registered last year are now fully operational, 418 campaigns successfully funded across more than 50 issuers, with a total of RM17.2million raised

Clear validation that there is a funding gap for the Small and Medium Enterprises in the market which can be filled by alternative financing channels like ECF and P2P.

Increase Investor Participation



Robo-advisory services have emerged to provide a more convenient, accessible and affordable channel for retail investors to gain access to portfolio management services.

Digital Investment Services

In May this year, SC Malaysia was first in the region to launch a regulatory framework for Digital Investment Management (DIM), paving the way for automated discretionary portfolio management services

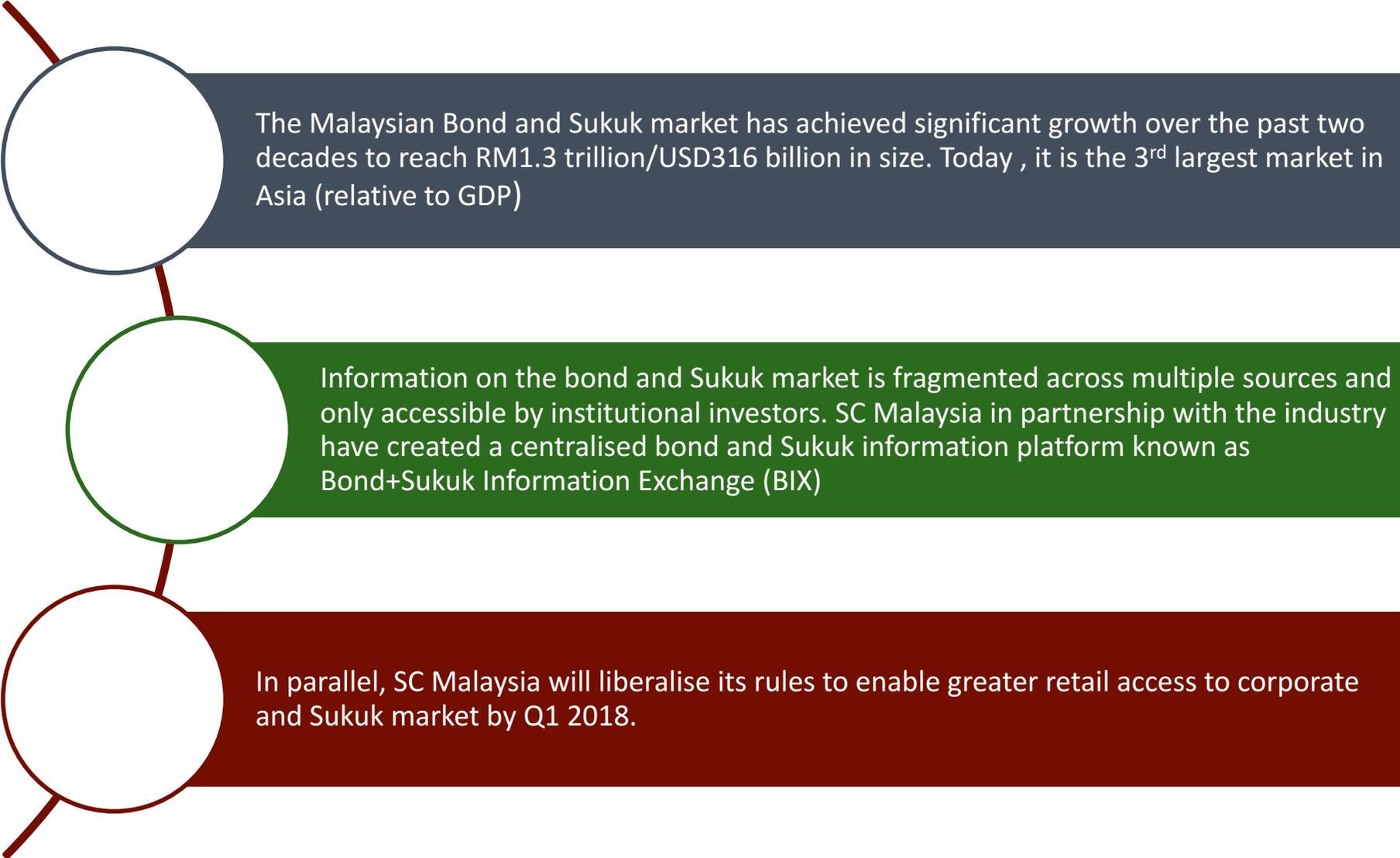
Digitizing Customer Experience and Traditional Distribution Channels

Emergence of Digital Generation is also forcing our traditional financial services institutions to rethink their distribution channels to remain relevant.

This year we saw SC Malaysia licensed the first digital-only stockbroker for the Malaysian market, Rakuten Trade.

Since launch more than 5000 accounts opened to date.

Augment Institutional Market

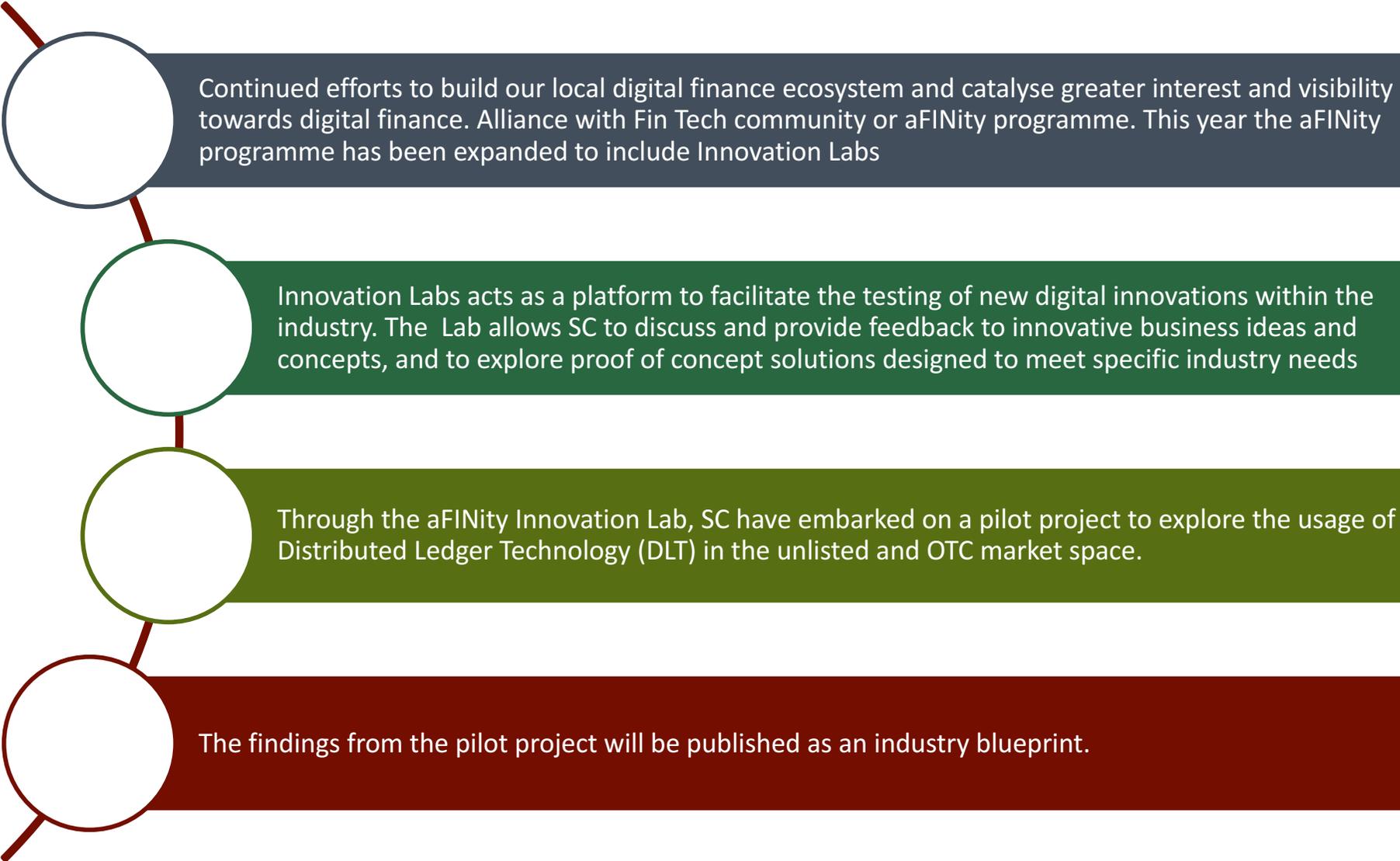


The Malaysian Bond and Sukuk market has achieved significant growth over the past two decades to reach RM1.3 trillion/USD316 billion in size. Today, it is the 3rd largest market in Asia (relative to GDP)

Information on the bond and Sukuk market is fragmented across multiple sources and only accessible by institutional investors. SC Malaysia in partnership with the industry have created a centralised bond and Sukuk information platform known as Bond+Sukuk Information Exchange (BIX)

In parallel, SC Malaysia will liberalise its rules to enable greater retail access to corporate and Sukuk market by Q1 2018.

Develop Synergistic Ecosystems



Continued efforts to build our local digital finance ecosystem and catalyse greater interest and visibility towards digital finance. Alliance with Fin Tech community or aFINity programme. This year the aFINity programme has been expanded to include Innovation Labs

Innovation Labs acts as a platform to facilitate the testing of new digital innovations within the industry. The Lab allows SC to discuss and provide feedback to innovative business ideas and concepts, and to explore proof of concept solutions designed to meet specific industry needs

Through the aFINity Innovation Lab, SC have embarked on a pilot project to explore the usage of Distributed Ledger Technology (DLT) in the unlisted and OTC market space.

The findings from the pilot project will be published as an industry blueprint.

Key trends of FinTech in Malaysia

Peer-to-peer (P2P) financing and equity crowdfunding (ECF)

- The SC has been actively promoting P2P and ECF since last year. The introduction of P2P and ECF enable fund-raising from individuals or retail investors via an internet platform without an intermediary such as a bank, as well as funding or investment by investors in exchange for shares in startup entrepreneurs and small and medium enterprises.

Mobile wallet

- Malaysia's largest financial services providers, Maybank and CIMB aggressively promoting the cashless trend through mobile wallets. Maybank launched Malaysia's first mobile payment platform, MaybankPay, in July 2016, allowing users to simply tap their smartphones on Visa payWave terminals to make payments, which was followed by CIMB Pay in December 2016. Both recently announced that they will also introduce support for Alipay mobile wallet in Malaysia.

Fintech by local banks

- Hong Leong Bank has introduced its HLB LaunchPad, a developmental program to nurture the next-generation of FinTech start-ups specifically focusing on simplified banking, digitising customer experience and re-imagining future banking
- Maybank also launched Maybank Sandbox, which provides a complete ecosystem having all the essential components for free, to fast-track the growth of FinTech developers across the region

Embracing FinTech is the way forward for Financial Intermediaries

To overcome challenges arising from FinTech such as:
(1) new investments in capex (2) cyber risk and (3) retraining human resources etc.

DRs/Remisier model need to be enhanced as more clients embrace online and automated algorithmic trading.

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

Robo-advisory will be on the rise and financial intermediaries will leverage on its efficiency and cost advantage.

ありがとうございました
THANK YOU