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Bernama - Government To Mull Review Of Existing Fintech Policies

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KUALA LUMPUR, 7 Oct - Although Malaysia has made considerable progress in the application of financial technology (fintech) towards financial inclusion, the government will consider reviewing its existing policies to address several issues in the sector, says Deputy Finance Minister Mohd Shahar Abdullah.

He said this includes policies to address the technology gap between generations, small and medium-sized enterprise's (SME) readiness to adopt digital financial services, as well as developing the halal economy via the digital platforms.

According to Mohd Shahar, more than 85 per cent of Malaysia's population aged 15 and above have access to a financial account.

"Let me assure you that the government is committed towards ensuring that each citizen has an equal opportunity to access financial services," he said.

Mohd Shahar said this his keynote address before launching the World Bank's reports titled "Islamic Finance and Financial Inclusion in Malaysia", as well as "Leveraging Islamic Fintech to Improve Financial Inclusion" here today.

The event was held virtually in conjunction with the four-day online Sustainable and Inclusive Finance Forum co-organised by Bank Negara Malaysia (BNM) and World Bank Group, which started on Tuesday.

According to Mohd Shahrir, Malaysia continued to maintain its position as the global pioneer in Islamic finance, accounting for 20 per cent of global Islamic finance assets in 2019.

He said the country also maintained its position as the top sukuk issuer, accounting for 36.8 per cent of total global sukuk outstanding in 2019.

“Several factors contributed to this achievement, such as the implementation of strategic initiatives covering banking, takaful/insurance, capital markets and alternative finance, which have been marked by policy continuity and coordination among different government ministries, departments and agencies over a period of time,” he said.

Additionally, he said the existing framework for Islamic social finance has been effectively leveraged in connecting waqf (endowment), zakat (alms-giving), and sadaqah (donation) with financial institutions to enhance their reach and fund collection.

“There is no doubt that our strategies in deepening the Islamic finance markets also contributed to Malaysia’s high achievement in the global financial inclusion indicators,” he added.

Meanwhile, Bank Negara Malaysia deputy governor Datuk Shaik Abdul Rasheed Abdul Ghaffour said to-date, Islamic financial institutions in Malaysia have raised almost RM40 million through waqf and sadaqah platforms to fund projects related to healthcare, education and entrepreneurship.

“Social finance initiatives are implemented by leveraging existing infrastructure, expertise and accountability mechanisms within the Islamic financial sector.

“More than 10 different channels are available to enable collection and distribution of social finance funds including via digital means of payment,” he said in his opening remarks earlier today.

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