



**BANK NEGARA MALAYSIA**  
CENTRAL BANK OF MALAYSIA

# **Financial Consumer Protection in Malaysia**

AFI Global Policy Forum  
Bali, Indonesia, 28 September 2010



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# Challenges Facing Consumers

Information asymmetry & level of transparency

Innovative & complex financial products

Financial scams

Easy access to credit

Low level of financial literacy



Changing delivery channels

Ageing population & increased life expectancy

Young generation & attitude to credit

Growing consumer debt & reduced household savings

**Consumers responsible for their own financial well-being:**

**To understand T&C of products and services**

**Know their rights and responsibilities**

**Exercise their rights when necessary**

# Malaysia's Approach

## Strategic Goals

- Public confidence in financial sector
- Well-informed and empowered consumer

## Regulatory Objectives

Foster sound business practices by financial service providers and intermediaries

Greater transparency and improved disclosure

More comprehensive consumer protection framework

## Regulatory Approach

Legislation & principle-based regulation

Supervisory & enforcement powers

Consumer education programme

Enhance redress mechanism

Promote self-regulation in industries

# Market Conduct Initiatives and Financial Education

## Fair & Equitable Market Practices

(advertisement, selling, marketing, financial advice, debt collection)

## Financial Inclusion

(access to basic banking services, access to financing)

## Avenues to seek help & redress

(Complaints Unit in FIs, Financial Mediation Bureau, Credit Counseling and Debt Management Agency, BNMLINK, BNMTELELINK, ABM Connect)

## Product Transparency & Disclosure Mechanism

(minimum disclosure standards for financial products and services)

## Enhancing Financial Capability

(consumer education programme, school adoption programme)

## Depositors/ Policyholders Protection

(Deposit Insurance, Insurance Guarantee Scheme)

# Product Transparency & Disclosure

## Objectives:

- To provide consumers with relevant information for making informed financial decisions
- To facilitate comparison of financial products and services by consumers

## Effective product disclosure is necessary to:

- ❖ Address information asymmetries between consumers and financial services providers
- ❖ Enhance consumers' understanding of financial products and services, thereby reducing mis-selling
- ❖ Promote consumer participation in the financial services industry
- ❖ Improve standards of transparency in the financial industry
- ❖ Maintain long-term market confidence in financial markets



# Product Transparency & Disclosure

## General Principles

- Board and senior management oversight
- General disclosure principles
- Timing of disclosure
- Disclosure in advertisements
- Other requirements

## Product Specific Disclosure Requirement

- Loans and financing products
- Deposits and investment account deposits
- Investment products
- Internet and phone banking, safe deposit boxes
- Credit cards and charge cards
- Debit cards, electronic money
- Remittances
- Life insurance and family takaful
- Investment-linked products
- Medical and health insurance/takaful
- General insurance/takaful

# Monitoring of Fees & Charges to Ensure Fair Business Practices

LAYER 3

Market Driven Fees  
and Charges

- A balanced approach is adopted between market driven and setting regulatory control

LAYER 2

Guiding Principles on  
Imposition of Fees and  
Charges

- Allow banking institutions to impose charges in accordance to guiding principles - Bank Negara Malaysia reserves the right to moderate charges that are deemed excessive

LAYER 1

Basic Banking  
Services  
Framework

- This approach is complemented by other market conduct initiatives

# Fair Debt Collection Practices

- Promote high standards of professionalism in the industry
- Ensure that debt collectors adopt good debt collection practices and conduct
  - Must not resort to intimidation or violence
  - Should give their borrowers written notice
  - Should issue an authorisation card
  - Must ensure that customer information provided to debt collectors is clear and accurate
  - Adhere to relevant information and secrecy provisions

# Formulation of Policies – Consultative Approach

Active discussion with relevant parties on issues of concern:

- **External parties:**
  - Financial institutions
  - Financial institutions' associations
  - Market Conduct Working Group
  - Financial Mediation Bureau
  - Consumer associations
  - Relevant government agencies
- **Within the Bank**

# Market Conduct Surveillance

- **Thematic Examinations**
  - Fees and charges
  - Customer Care/Complaints Unit
  - ATM/SST Monitoring Units
  - Debt Collecting Agent
- **Mystery shopping**
  - On-site visits, phone calls
- **Media watch**
  - Newspaper, websites, billboards, TV & radio etc
- **Surveys**
  - Industry and consumers
- **Investigation**

# Market Conduct Enforcement

- **Letter of Concern**
  - An administrative letter issued to financial service providers (FSPs) where the issue is not systemic or serious
- **Commitment**
  - A written undertaking by the FSPs in response to BNM's recommendations or directives
- **Letter of Undertaking (LOU)**
  - Undertaking from FSPs' board of directors to BNM that it would take steps to correct specifically identified deficiencies
  - Reminder to the board of the FSPs that such serious non-compliance would be subjected to administrative penalty in the future
- **Notice of Violation**
- **Administrative Penalty/Fine**
- **Public Reprimand**

# Access to Products & Services to Promote Financial Inclusion



## Basic Banking Services at Minimal Cost

Ask Your Bank for More Information

- Free 6 Over the Counter Visits Per Month
- Free 8 ATM Withdrawals Per Month
- 2 Interbank GIRO Transactions at Minimal Cost Per Month



### Basic Savings Account & Basic Current Account

- ✓ Basic Savings Account
  - No service fee
  - Profit
  - Hibah
- ✓ Basic Current Account
  - Minimal service fee

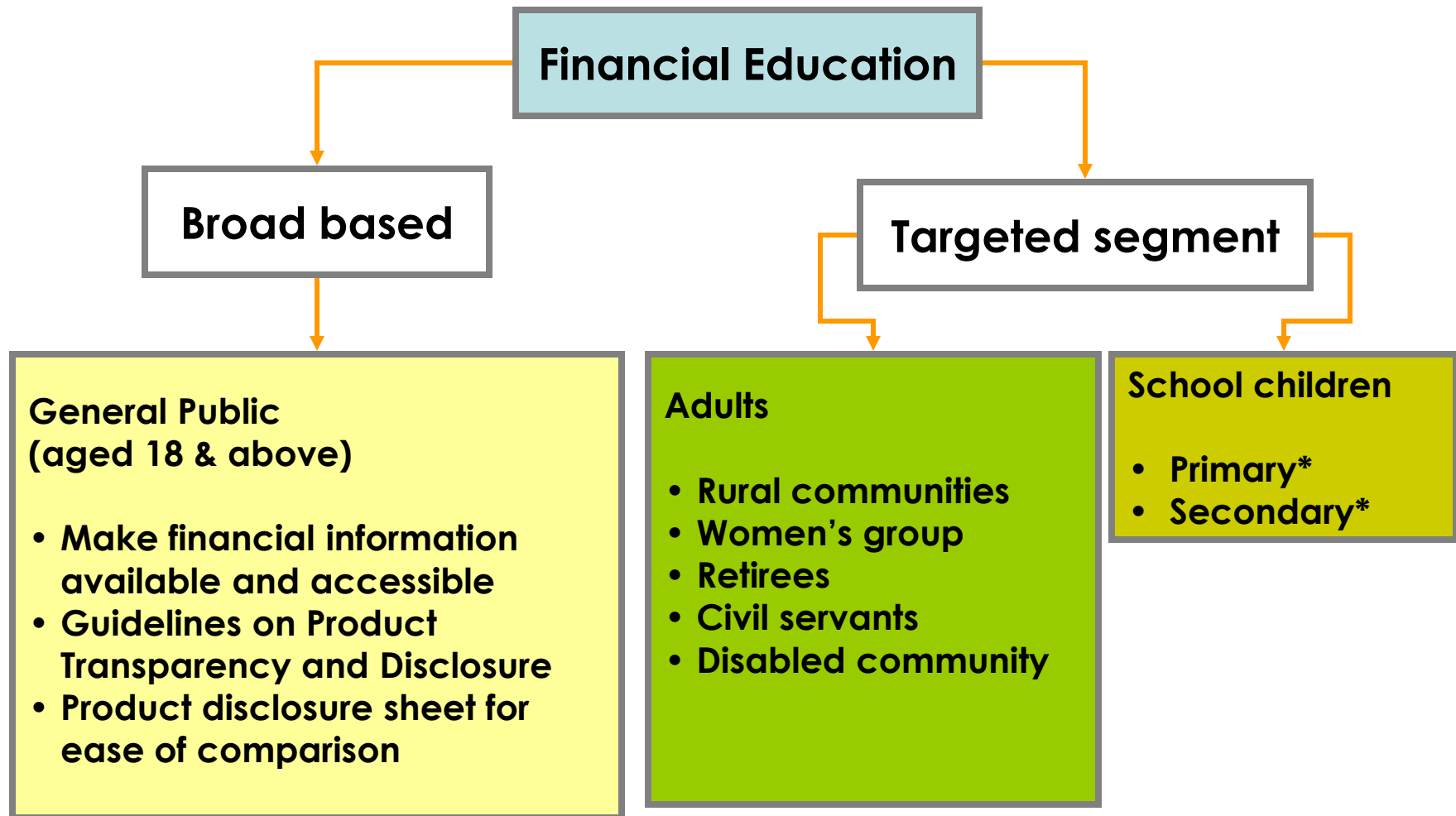
## Objective:

- ❖ To ensure that customers can enjoy a minimum level of banking **services at reasonable costs**

## Measures:

- ❖ All BIs are required to offer a **basic savings account (BSA)** and a **basic current account (BCA)** to all Malaysians
- ❖ Small and medium enterprises are also eligible to open BCAs
- ❖ Provides a minimum level of services and transactions at **minimal costs**
- ❖ To ensure **charges** imposed on individuals and SMEs are **reasonable**
- ❖ Offer minimum **interest rate** of 0.25% p.a. for deposits in BSA

# Financial Education Enhances Financial Capability



\* Including visually impaired school children

# Financial Education for Adults

*bankinginfo & insuranceinfo*

## Broad Based

## Targeted Segment

### Delivery

- Generic information on financial products & money mgmt. / tools / tips / comparative tables via printed materials, website, print media
- Outreach – exhibitions / clinics

- Provision of information via seminar / briefing / advice / face-to-face sessions supplemented with reading materials
- Greater emphasis on basic money management and awareness on financial scams

### Meeting needs

- Simple language, direct message, larger fonts, in different languages
- Website: simple language, interactive, different languages

- Face-to-face sessions / advice / discussion
- Sharing real cases
- Use community leaders

### Collaboration

- Partners disseminate materials & provide feedback – financial institutions / consumer groups / NGOs / govt. agencies

- Build network to achieve wider outreach – relevant ministries / state govt. / NGOs / local communities

# bankinginfo & insuranceinfo

A progressive financial system requires financially savvy consumers who:

- ❖ are able to make informed financial decisions
- ❖ know their rights and responsibilities

**bankinginfo - 24 materials published**

**insuranceinfo - 25 materials published**



The Bankinginfo website features a clean, user-friendly design. At the top, the logo "bankinginfo" is displayed in orange and black, with "INFO PERBANKAN" underneath. A navigation bar includes links for "HOME", "LEARN THE BASICS", "CHOOSE YOUR COVER", "CHOOSE YOUR TAKAFUL", "HELP & ADVICE", and "LEARNING PROGRAMMES". A search bar is located on the right. The main content area is divided into several sections: "Information at your fingertips" with a description of the platform as a one-stop resource; "Tell me more..." button; "PLAN YOUR FINANCES", "KNOW YOUR PRODUCTS", "DISCOVER ISLAMIC BANKING", "HELP & ADVICE", and "LEARNING PROGRAMMES"; "USEFUL TOOLS" including Comparative Tables, Budget Calculator, Consumer Checklists, Financial Calculators, and Glossary; "LIFE STAGES" with a guide to various aspects of banking; "TIPS" for everyday banking needs; "WHAT'S NEW" with links to new finance rates and structured investment info; "NEWS" with a recent announcement about the establishment of Bank Negara Malaysia; and "POLLS" asking for user feedback on the new website.



The Insuranceinfo website has a professional layout. The top navigation bar includes "HOME", "LEARN THE BASICS", "CHOOSE YOUR COVER", "CHOOSE YOUR TAKAFUL", "HELP & ADVICE", and "LEARNING PROGRAMMES". A search bar is on the right. The main content area features a large banner titled "Protecting you and your family" with a description of Insuranceinfo as a Consumer Education Programme (CEP) and a "I want to know more..." button. Below the banner, there are sections for "USEFUL TOOLS" (Private Car Premium Calculator, Motorcycle Premium Calculator, Consumer Checklists, Budget Calculator), "LIFE STAGES" (Starting young, Starting a job, Starting a family), "WHAT'S NEW" (Dealing with intermediaries, Child education plan, Motor premium calculators), and "POLLS" (What do you think of our new website?).

# Comparative Table on Microfinance Product Features

COMPARATIVE TABLE ON MICROFINANCE PRODUCT FEATURES

NO	FEATURES	ALLIANCE RAKAN	CMB BANK	PUBLIC BANK	AMIBANK	UNITED OVERSEAS BANK MALAYSIA	ISCRAPISLAMIC BANK	BANK PERTANIAN MALAYSIA	BANK RAKYAT	BANK SIMPAHAN NASIONAL
1.	Product Name	Rakan Personal Financing (Conventional)  Rakan Personal Financing-I (Islamic)	Xpress Cash Personal Loan (Conventional)  Xpress Cash Financing-I (Islamic)	PBMicro Finance	AmMicro	EasyCash	Pinjaman Peribadi -I Pissani (3P)	Model Usaha-hari Tani (MUST)	Pembayaan Mikro-I (MUKI - Model untuk Usaha-hari Koperasi)	BSN Tema Mega
2.	Loan Size	RM2,000 – RM50,000	RM2,000 – RM50,000	RM2,000 – RM50,000	RM2,000 – RM50,000	RM5,000 – RM50,000	RM5,000 – RM50,000	RM500 – RM20,000	RM1,000 – RM50,000	RM5,000 – RM50,000
3.	Eligible Economic Sector	All sectors	All sectors	+ Agriculture + Services and Trade + Manufacturing	+ Retail + Services and Trade + Manufacturing	All sectors	All sectors	+ Agriculture + Agro-based	+ Agriculture + Services	+ Manufacturing + Retailing + Services
4.	Eligible Customers	+ Selected workers + Self-employed individuals	+ Selected workers + Self-employed individuals	+ Self-employed individuals + Micro enterprises	+ Individuals + Sole-proprietors + Partnerships + Private limited companies	+ Selected workers + Self-employed	+ Ex-army	+ Micro enterprises	Members of cooperatives: + Self-employed individuals + Micro enterprises	+ Self-employed individuals + Micro enterprises
5.	Tenure	6 months – 5 years	6 months – 5 years	1 – 5 years	1 – 5 years	2 – 5 years	3 – 10 years	Up to 4 years	1 month - 3 years	1 – 5 years
6.	Eligibility Criteria	<b>Individuals</b> + Age between 25 - 60 years old + Minimum of RM2,000 monthly gross household income + Maximum of RM2,000 monthly individual income + Mandatory to open savings account and sign up for credit protector insurance  <b>Business Enterprises</b> + Operator age between 25 - 60 years old + Minimum of RM40,000 per annum turnover + Maximum of RM1m per annum turnover + Mandatory to open savings account	+ Age between 21 - 60 years old + Minimum of RM800 monthly gross income + 6 months employed / 6 months in business	<b>Individuals</b> + Aged between 25 – 60 years old + Have valid business license / permit + Business must be owner operated and on a full-time basis + Have permanent residential address  <b>Business Enterprises</b> + Companies registered with Companies Commission of Malaysia + Have valid business license / permit + Business must be owner	+ Individuals aged between 18 – 60 years old + Individuals / sole proprietors / partnership / private limited companies	+ Age between 21 – 55 years old <b>Selected workers</b> + Minimum of RM15,000 yearly income  <b>Self-employed</b> + Minimum of RM30,000 yearly income + Minimum 3 years consecutively in the same business	+ Ex-Malaysia Armed Force (under the pension scheme) + Maximum age upon application: 62 years old	+ Age between 21 - 60 years old + At least with 1 year of business experience + Have valid business permission (e.g. license, tenant agreement etc.)	+ Age between 18 - 65 years old + Cooperative member + Belongs to a self-help group + Full-time owner operating a business + At least with 2 years business experience + Place of residence is within the business vicinity + Have valid business license / permit / registration	+ Age between 21 - 60 years old + Have valid business license/ permit/ registration + Have been in business for a minimum of 2 years

# Financial Education for School Children

## Aim

Nurture students with good money management habit at early age to become responsible adults

## Working with schools

### School Adoption Programme

- In collaboration with Ministry of Education and financial institutions (FIs)
- School are adopted by FIs
- FIs impart knowledge on banking and basic financial matters
- Participated by more than 10,000 government aided schools

### Student Financial Clubs (SFC)

- Implemented as one of the extra curriculum activities in schools
- Engage in money and finance related activities using workshops and games
- Formed in more than 2,000 schools

## Providing tools & resources

- Pocket Money Booklet – learning tool on money management
- *Duitsaku* website – interactive portal including online Pocket Money Booklet
- Lesson plan – guide for teachers for the SFC
- Workshop (students) – impart knowledge
- Workshop (teachers) – share knowledge and give ideas on activities for SFC
- Poster competition – to promote awareness

# Pocket Money Book & duitsaku website

## Pocket Money Book

A learning tool to inculcate the culture & habit of smart personal money management among students at a young age



## duitsaku.com

An interactive financial education tool to enhance financial literacy among students



# Financial Education for Disabled Community

## Adults

1 Translated informational materials into Braille

2 Making *bankinginfo* and *insuranceinfo* websites user friendly to visually impaired users\*

## School children

1 Convert Pocket Money Booklet into Braille

2 School Adoption Programme in the special schools for visually impaired children

3 Making *duitsaku* website user friendly to visually impaired school children\*

\* Proposed initiatives

# Avenues for Redress & Assistance

[www.fmb.org.my](http://www.fmb.org.my)

Contact details on  
BNM website



Complaints  
Unit @ FIs &  
BNM



BNMTELELINK and  
[www.bnm.gov.my/  
bnmlink/index.htm](http://www.bnm.gov.my/bnmlink/index.htm)

ABM Connect

Avenue to seek  
redress and help

SME Special Units  
at BIs & BNM -  
assist SMEs on  
financing



Small Debt  
Resolution  
Scheme

[www.smeinfo.com.my](http://www.smeinfo.com.my)

[www.akpk.org.my](http://www.akpk.org.my)

# Avenues for Redress & Assistance



## **Bank Negara Malaysia Laman Informasi Nasihat dan Khidmat (BNMLINK) & BNMTELELINK**

- centralised point of contact to facilitate a rapid and effective response
- provide consumer financial education
- awareness on the role of Bank Negara Malaysia
- Public can contact BNMLINK and BNMTELELINK for information, enquiries or redress



## **Complaints Units & FIs**

- All FIs have established dedicated complaints units
- First try to resolve the complaints with the complaints unit of financial service provider.

# Avenues for Redress & Assistance



## Credit Counselling & Debt Management Agency (AKPK)

- Provide financial counselling, debt management & financial education
- Services offered:
  - Financial education
  - One-to-one counselling and advice on managing your finances wisely
  - Debt management programme
- Services offered by AKPK are free of charge.



## The Financial Mediation Bureau (FMB)

- Independent body set up to help settle disputes
- Platform for an objective and timely resolution of disputes, claims and complaints
- Fast, convenient and efficient avenue - an alternative to the courts
- Services of the FMB is offered free of charge