



BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

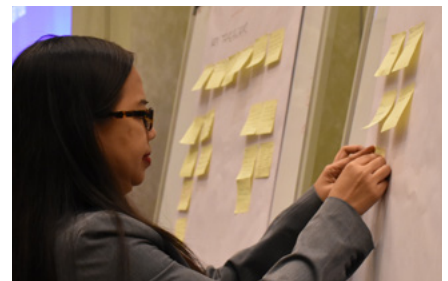


BANK OF THAILAND

WORKSHOP REPORT: KNOWLEDGE EXCHANGE PROGRAM ON DIGITAL FINANCIAL SERVICES

November 25-27, 2019

Bank Negara Malaysia, Bangko Sentral ng Pilipinas and Bank of Thailand



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This report builds on knowledge exchange held with AFI member institutions; Bank Negara Malaysia (BNM), Bangko Sentral Ng Pilipinas (BSP) and Bank of Thailand (BOT) as part of discussions by the AFI DFS Working Group in November 2019.

We would like to thank AFI member institutions, partners and donors for generously contributing to development of this publication.

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BACKGROUND

Alliance for Financial Inclusion (AFI) member countries represent diversity in terms of geography, socioeconomic development, cultural context and levels of financial inclusion. This necessitates a focused regional and country-based approach in coming up with policy solutions to address financial inclusion challenges. Member countries that are advanced in their financial inclusion journey have complex challenges and priorities to be addressed and need innovative policy responses to advance their financial inclusion objectives.

In this context, AFI has conceptualized a “knowledge-exchange program” between member countries who are evolved in their financial inclusion agenda and are keen to learn about and share their experiences on relevant topics focusing on implementation of policy solutions that have been tested by experienced members in the network. The knowledge-exchange program comprised members such as Bank Negara Malaysia (BNM), Bangko Sentral Ng Pilipinas (BSP) and Bank of Thailand (BOT).

OBJECTIVE OF THE PROGRAM

The knowledge-exchange program was organized with the aim of facilitating cross-learnings among member countries, including learnings from private sector participants (i.e. Visa, Dalberg, Ant Financial) and other regulators such as Central Bank of Cambodia.

More specifically, the objectives of the knowledge exchange program were that, by the end of the workshop, the participating representatives of the member countries would have:

- > A shared understanding of developing policy solutions to leverage new and innovative models to reduce the SME financing gap
- > A better understanding of integrating a digital/ electronic identity platform with the formal financial systems to advance financial inclusion and strengthen AML/CFT measures
- > An awareness of emerging trends in digital and virtual banks and regulatory responses from central banks
- > A better understanding of competition policies that facilitate innovation in creating marketplaces and aggregation platforms to advance financial inclusion
- > An awareness of best practices in financial literacy and consumer protection

PARTICIPANTS

The workshop brought together speakers and participants from member countries, all of whom had a high level of understanding of Digital Financial Services (DFS), MSME Finance, Consumer Protection and Digital Financial Literacy from the member countries. While the focus was to facilitate a platform for participating member countries to learn from each other, external speakers were also invited to bring private sector perspectives into the discussion. The workshop gathered 27 participants from BNM, BSP and BOT.



Group photo with all the participants and speakers who attended the DFS knowledge exchange program.

SUMMARY

This section details the main discussion topics of the three-day workshop and contains a summary of the critical areas of discussion each day.

DAY 1

DIGITAL FINANCIAL SERVICES (DFS)

- > In order to enable FinTech ecosystems, we need regulatory frameworks, but this is only one factor that regulators undertake to build ecosystems.
- > Collaboration with other regulators and other players in the ecosystem, for example startups, FinTechs and so on, is important.
- > It is important to align DFS strategies with each country's National Financial Inclusion Strategy (NFIS).
- > It is important to have a plan that allows local DFS providers to achieve global standards in infrastructure.
- > There are significant learning opportunities for East Asia on QR Codes, which can be taken forward in the global network.
- > Central banks can play an important role by establishing a national QR code standard.
- > It is important to note that different regulators have different approaches and responses to virtual/digital banking. Thailand, for example, is focused on digital credit regulation rather than digital banking.

DAY 2

MSME FINANCE

- > Alternative data is increasingly becoming important in credit assessment methodologies. This includes data obtained from psychometric testing.
- > Digitization of processes in microfinance can occur within existing MFIs but there can be challenges in executing this change. Or it can lead to new players in the market that use technology-based models to serve the market segments currently served by MFIs.
- > Commercial banks can also play a role in providing microfinance. Banks in many countries are already doing this through branchless banking operations.
- > Regulators are adopting risk-based approaches to the supervision of MFIs, depending on the size of portfolio of microfinance in the financial sector.

DAY 3

MARKET CONDUCT AND DIGITAL FINANCIAL LITERACY

- > There are now overlaps between jurisdictions of competition regulators and financial sector regulators (i.e. providers of e-hailing services are offering payment solutions). Hence, there is a need for cooperation between regulators of markets in general and those supervising financial markets.
- > The demand for digital financial literacy is increasing among private-sector FinTechs due to pressure from regulators. However, there is no clear best practice at the moment on what ensures the financial health of consumers.



FEEDBACK AND KEY ASKS FROM MEMBERS



BANK OF THAILAND

BANK OF THAILAND

- > Cooperation between regulators on DFS is important.
- > The Bank is looking to learn about microfinance and SME finance initiatives from the region. It is impressed by BNM's SME policy, Credit Guarantee Corporation (CGC) Malaysia and other private sector initiatives like the Psychometric Assessment Tests towards innovative alternatives for SMEs.
- > There is a need to learn more about Digital Financial Literacy initiatives, especially the ways in which policymakers and private stakeholders can collaborate towards such initiatives.
- > While Thailand appreciates bringing up gender aspects into the discussions, it does not face gender-specific issues. However, financial inclusion for the elderly is an issue faced by Thailand and the Bank requested the AFI consider this topic in future learning and knowledge-sharing sessions.
- > There is a need for more technical discussions
- > There is a need to go deeper into one topic over three days.



PHILIPPINES

- > The Bank is willing to learn more about general guidelines on implementing QR Codes and how to go about standardizing QR codes at national and regional levels.
- > The Bank requested a knowledge product created by AFI, on the establishment of a holistic ecosystem for MSME finance.
- > It also requested guidance on establishing a national-level coordinated approach to deal with cyber security attacks, along the lines of what Malaysia has done.
- > There needs to be impact measurement of financial literacy interventions. It was suggested that a survey be done among members on the relevant practices surrounding this.
- > There is a need to focus on market-conduct aspects of DFS, especially with new types of services and providers.



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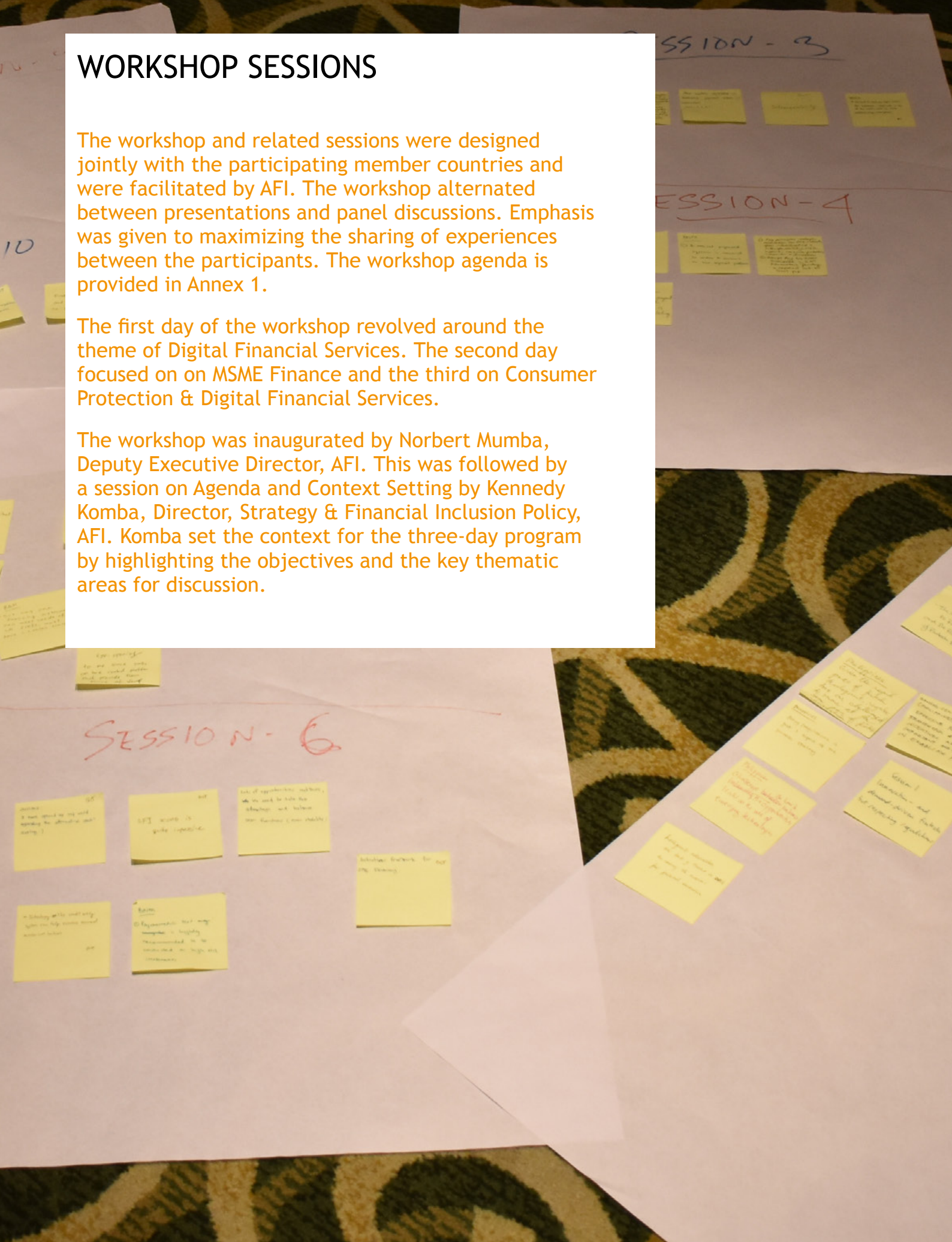
- > As a regulatory agency, BNM wanted a better understanding of how to track and unpack the impact of interventions (such as financial literacy) and measure behavior change at the micro-level.

WORKSHOP SESSIONS

The workshop and related sessions were designed jointly with the participating member countries and were facilitated by AFI. The workshop alternated between presentations and panel discussions. Emphasis was given to maximizing the sharing of experiences between the participants. The workshop agenda is provided in Annex 1.

The first day of the workshop revolved around the theme of Digital Financial Services. The second day focused on MSME Finance and the third on Consumer Protection & Digital Financial Services.

The workshop was inaugurated by Norbert Mumba, Deputy Executive Director, AFI. This was followed by a session on Agenda and Context Setting by Kennedy Komba, Director, Strategy & Financial Inclusion Policy, AFI. Komba set the context for the three-day program by highlighting the objectives and the key thematic areas for discussion.



SESSION 1: BUILDING ENABLING FINTECH ECOSYSTEM

This was presented by Ali Ghiyazuddin Mohammad, AFI Senior Policy Manager, Digital Financial Services, and Gopal Kiran, ASEAN FinTech Leader, FSO Advisory, Ernest & Young Advisory Services.

Ali Ghiyazuddin Mohammad provided an overview of a framework for Digital Financial Inclusion. The key focus of the presentation covered the following four key pillars:

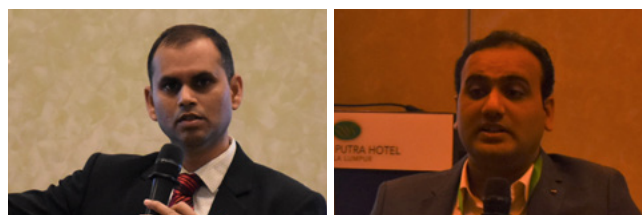
- > Organization structure
- > Capacity building & upskilling
- > Engagement & outreach
- > Regulatory framework & incentives

As part of the discussions on organization structure, Ghiyazuddin highlighted emerging trends and how regulators across the globe are setting up dedicated Fintech and Innovation units within central banks.

Ghiyazuddin also emphasized the need for capacity building and upskilling for regulators, the industry workforce and consumers so as to ensure increased uptake of DFS. He used Hong Kong, India and Portugal as examples.

The presentation included a sample design of Engagement & Outreach and Regulatory Framework & Incentives. Ghiyazuddin concluded with the following recommendations:

- > There is a need for re-evaluating existing organization structure to see if further support units should be added.
- > There should be continuous capacity building of regulators, the workforce and consumers.
- > Regulators should participate in industry engagement. Furthermore, regulatory regimes across local regulatory counterparties should be aligned, and these agencies should collaborate with international regulatory peers for regional integration.
- > Regulators must ensure the timely adoption and implementation of Fintech legislation or supporting guidelines.



Ali Ghiyazuddin Mohammad,
AFI Senior Policy Manager,
Digital Financial Services

Gopal Kiran,
ASEAN FinTech Leader, FSO
Advisory, Ernest & Young
Advisory Services

The session led by Gopal Kiran started with an overall picture of the megatrends shaping the Fintech landscape globally. The following key trends in Fintech were highlighted:

- > Southeast Asia sees a hive of Fintech¹ activity
- > FinTechs are looking to attract deposits
- > FinTechs are focusing on regulatory compliance
- > FinTechs are disrupting the real estate industry
- > Because of this, new investment platforms and asset classes are created

Gopal has also presented the following four key pillars of the Fintech strategy framework - talent, capital, demand and policies.

- 1. Talent** refers to the availability of technical, entrepreneurial talent, and training programs
- 2. Capital** refers to the availability of financial resources and funds for startups and scale-ups via formal and informal channels
- 3. Demand** is defined as end-client demand across consumers, SMEs and corporates. Financial institutions are key demand partners for FinTechs.
- 4. Policy:** Government & regulator policy across regulation & supervisions, tax and sector growth initiatives.

Gopal also discussed talked about Financial Inclusion 2.0 which is about facilitating collaboration among financial institution and FinTechs, to promote integrated solutions. He mentioned that a push from central banks is needed to support the development of innovative solutions as well as to ensure the speedy introduction of solutions to the market.

1 In AFI terminology, "Fintech" refers to financial technology, while "FinTech" refers to innovators or organizations involved in developing financial technology.

SESSION 2: CYBERSECURITY AND PAYMENTS

Session 2 was presented by Noor Aishah Mohammad, Principal Assistant Director, Cyber Security Protection Division, National Cyber Security Agency, National Security Council, Malaysia and Shivakumar Sriraman, Head of Risk, Southeast Asia, Visa.

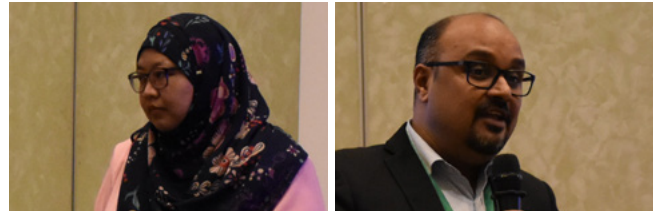
Noor Aishah presented a brief overview of the National Cyber Security Agency (NACSA) and the National Cyber Coordination & Command Centre (NC4) which is responsible for managing cybersecurity at the national level. She also talked about the National Cyber Security Policy which seeks to address the risks to the Critical National Information Infrastructure (CNII). The CNII comprises the networked information systems of the following 10 critical factors:

1. National Defence and Security
2. Banking and Finance
3. Information and Communication
4. Energy
5. Transportation
6. Water Services
7. Health Services
8. Government Services
9. Emergency Services
10. Food and Agriculture

Noor Aishah also outlined the different roles and responsibilities of NC4 during peacetime and in a crisis.

The NC4's roles and responsibilities in peacetime are:

- > To provide capabilities in monitoring the national cybersecurity situation
- > To monitor the cyber threat level, analyse threats and provide the pertinent comprehensive information to the government
- > To measure National Cyber Security Readiness
- > To provide early warnings and disseminate advisories to CNII agencies/organizations
- > To provide assessment of the national cyber threat level to a national-level committee
- > To plan and improve network configuration and change management (NCCM) procedures



Noor Aishah Mohammad,
Principal Assistant Director,
Cyber Security Protection
Division, National Cyber
Security Agency, National
Security Council, Malaysia

Shivakumar Sriraman,
Head of Risk, Southeast Asia,
Visa.

The NC4's roles and responsibilities during a crisis are:

- > To coordinate and manage cybersecurity and crises at the national level
- > To provide regular updates to the government on the current situation until the threat level has been reduced to Level 1 (Low)
- > To provide information security specialist services where required
- > To act as a technical advisor to national-level committees

The discussions during Noor Aishah's presentation mostly revolved around mitigation measures and responses to cyber-attacks.

Shivakumar Sriraman began his presentation by talking about the payment revolution from its origin to the present day. He briefly discussed the following four revolutions and the nature of fraud that has evolved over the same timeline. The table opposite summarizes this discussion.

While hyperconnectivity is creating new ways to pay, Shivakumar highlighted that it is also creating new ways for fraud and theft to emerge. It estimated that there will be around 25 billion connected devices by 2021, USD600 billion in cybercrime business and a cost of USD1.2 million on average per data breach.

Shivakumar also briefly talked about Visa's Security Strategy and how Innovation, Data, and Technology will power next-generation fraud management solutions. The three key points that were emphasized during this presentation are as follows:

- > Trust among users is the main factor that drives usage
- > Data will drive next-level developments of the payments landscape
- > Payments security is a shared responsibility - a single-institution reassurance of security is inadequate.



FIGURE 1: THE FOURTH PAYMENTS REVOLUTION

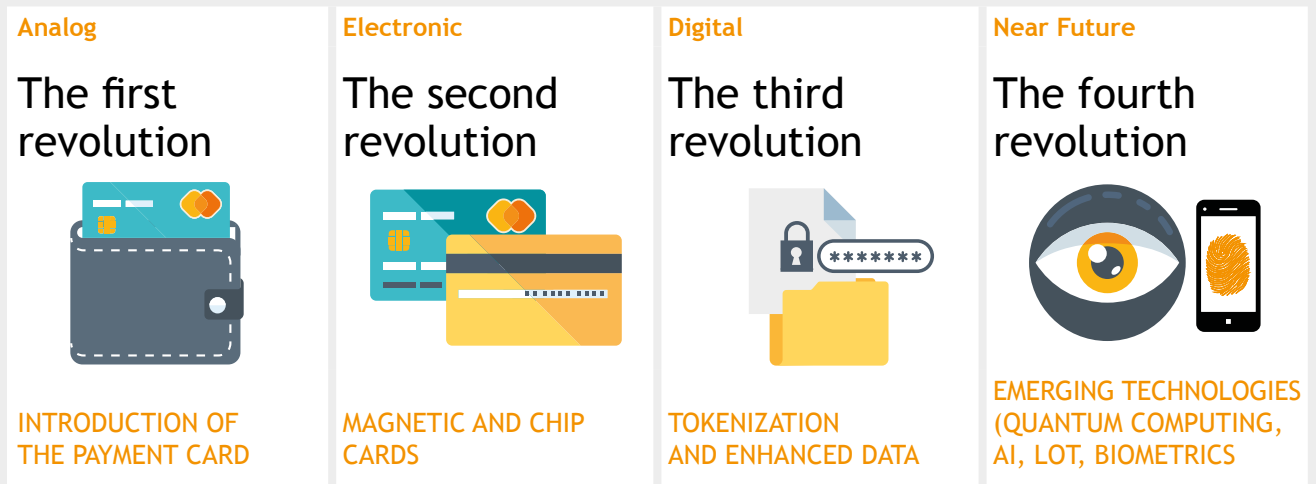
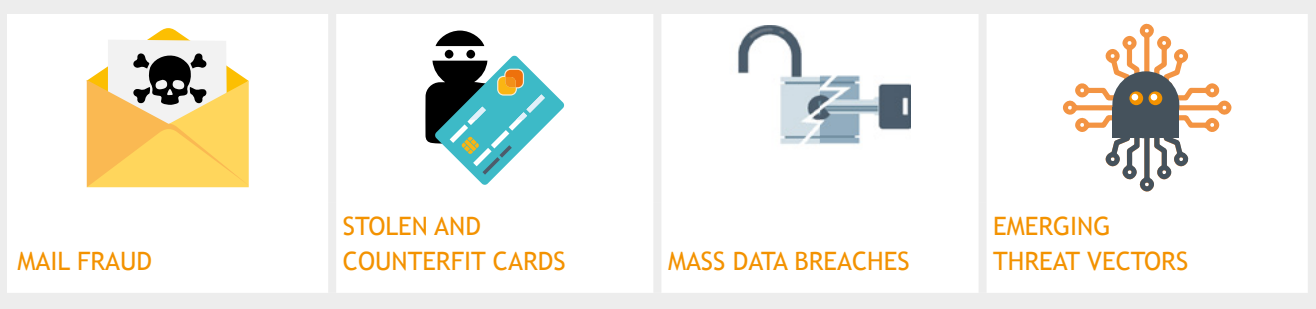


FIGURE 2: THE EVOLVING NATURE OF FRAUD



SESSION 3: STANDARDIZATION OF QR CODE, PAYMENTS AND REGULATIONS

This session was presented by Lee Zhi Wei, Financial Development and Innovation Department, BNM; Azleena Binti Idris, Director, Corporate Services Division, PayNet; Pariwat Kanithasen, Payment Systems Policy Department, BOT, and Jay Dizon, Deputy Director, Payment System Oversight Department, BSP.

The session revolved around the potential of QR codes to increase convenient access to formal financial services, the associated risks with QR code payments, potential mitigation measures and regulation. The session also included discussions of consumer protection and financial literacy.

The session started off with a presentation by Lee Zhi Wei on the payment landscapes in Malaysia, the potential of mobile payments and the role that BNM is playing to make the transition away from cash. Lee highlighted that 90 percent of day-to-day transactions are still carried out in cash and that Malaysia is still a cash-based society. He also talked about efforts BNM is making to promote inclusive and broad-based financial inclusion.

Azleena Binti Idris presented a brief background of PayNet, which was formed in 2017 as a result of a merger between Malaysian Electronic Clearing Corp (MyClear) and Malaysian Electronic Payment System (MEPS). While MyClear is wholly owned by BNM, MEPS is a consortium of 11 domestic banks in Malaysia. She also highlighted DuitNow, a payment mechanism launched in 2018. DuitNow is a real-time online fund transfer services that allows payments to be addressed to an ID instead of a bank account. The aim for DuitNow is to replace all other QR Codes in Malaysia and work as a standard QR Code for all payments.

After providing a brief of the current status of retail payment systems in Malaysia, Azleena shared the journey PayNet has made with regard to QR payments. This section included the current status of QR payments and the importance of QR code standardization.



Lee Zhi Wei,
Financial Development and
Innovation Department, BNM



Azleena Binti Idris,
Director, Corporate Services
Division, PayNet



Pariwat Kanithasen,
Payment Systems Policy
Department, BOT.



Jay Dizon,
Deputy Director, Payment
System Oversight Department,
BSP

Azleena highlighted the following key success factors to drive greater adoption of QR payments:

- > Financial literacy
- > Reliable mobile connectivity
- > Trust in technology
- > Low/no cost of transaction
- > Convenience and ease of use

The third speaker, Pariwat Kanithasan talked about the QR code journey in Thailand which is similar to that of BNM. Pariwat also presented real use cases of interoperable QR Code payment and how Thai QR Payment has reached more than 5 million merchants as of July 2019. One of the key success factors of interoperable QR Code payment in Thailand was the realization by banks that the cost of managing cash is much higher than that of QR code payment.

Jay Dizon, the last speaker in this session, presented the use cases of the QR code in the Philippines, its benefits and how BSP is aiming to achieve the standardization of QR codes. While the standardization will be done through a stakeholder consultative exercise, the guiding principles for QR code standardization are interoperability, simplicity and accessibility.

SESSION 4: DIGITAL BANKING INNOVATION

This session was presented by Pariwat Kanithasen, Payment Systems Policy Department, BOT.

This session began with a look at the key motivational factors for DFS as experienced by BOT. The key factors that have influenced the adoption of DFS are:

- > Cost of a domestic bank transfer - USD1
- > Cost of a cross-border bank remittance transfer - 18 percent of total amount transferred
- > Cost of cash management - USD155 million (as of 2018)
- > Tourist arrivals - 38 million (2018)
- > Migrant workers - 5 million (2018)

Pariwat also presented seven payment services, also known as “The Seven Wonders of Thai PayTech”. These are:

- 1. PromptPay:** This forms the core foundation of Thailand’s retail payment innovation. The overall objective of PromptPay is to facilitate digital payment transactions among people, businesses and the government.
- 2. MyPromptQR:** This is a new chapter of QR Payment in Thailand. MyPromptQR has been developed within the digital payment infrastructure using ISO20022. It allows merchants to scan customers’ dynamic QR codes for payments.
- 3. E-Donations:** This is an e-payment service for charities. It was developed in collaboration with participating banks, government agencies and NITMX (the payment system operator) to provide greater convenience, security and transparency.



Participant from Bangko Sentral ng Pilipinas smiles for the camera during the Digital Banking Innovation session.



Pariwat Kanithasen,
Payment Systems Policy
Department, BOT.

- 4. National Digital Identity (NDID):** This is essentially a national identification and verification infrastructure. The objective of NDID is to promote online transactions, and support the ease of doing business and the future of the digital society in Thailand.
- 5. Cross-Border Payment Connectivity** with Myanmar, Lao PDR, Cambodia, Malaysia, Philippines, Singapore and Indonesia.
- 6. Blockchain Community Initiative (BCI):** This is a collaboration of 22 commercial banks, nine state enterprises and large corporates with the BOT’s support. The E-Letter of Guarantee on the blockchain is the first use case within this collaboration. The project is being tested in the BOT Regulatory Sandbox.
- 7. Project Inthanon (CBDC):** INTHANON is a Wholesale Central Bank Digital Currency (CBDC) for interbank and cross-border settlements. The objective is to create an environment for the Thai financial services industry to collaborate and gain a better understanding of the characteristics of Distributed Ledger Technology (DLT) through hands-on experience. The project started in 2018 and is being implemented in three phases. The third phase, exploring interoperability, was projected to end in January 2020.



Workshop participants from Bank Negara Malaysia.

SESSION 5: NEW AVENUES OF MSME BANKING

This session was presented by Wei Zhang, Senior Specialist, The World Bank; Samuel Lee, Manager, BNM, and Nik Kamarun, AFI Policy Manager, SME Finance. Nik Kamarun also moderated the session.

Wei Zhang started with a presentation that shared the results from a global regulatory survey on Alternative Financing. According to the survey report, regulators are confident of the positive impact of alternative finance, particularly where the need is greatest. However, significant gaps remain in SME and consumer access to finance. The data set is considered unique for alternative finance regulation. This speaks to the rising importance of new regulatory objectives, such as financial inclusion, as highlighted by Zhang.

The survey was conducted in 111 jurisdictions with a focus on securities regulators, with other regulators being included in some jurisdictions. Some of the key learnings from the analysis of the survey results highlighted by Zhang were:

- > Regulators can look forward to a busy few years ahead. More and more regulatory bodies are considering alternative finance sectors, such as Equity Crowdfunding (ECF). Bespoke regulatory frameworks are on the rise.
- > Supervision of alternative finance is taking up a growing amount of resources, with many regulators' capacity being stretched, and technical expertise remaining limited.
- > Regulatory Innovation is still uncommon and growing slowly. However, in regional pockets of innovation, African and Latin American regulators have launched new initiatives.
- > Most jurisdictions will soon be regulating ECF and more than a third will be regulating P2P lending and Initial Coin Offerings (ICOs). In order to do this, they will need much more practitioner and academic support than is currently available.

Zhang also presented Malaysia's experience with the regulation of alternative finance and made following points:

- > Malaysia is the first ASEAN country to create a regulatory framework for equity crowdfunding



Wei Zhang,
Senior Specialist, The World
Bank

Samuel Lee,
Manager, BNM



Nik Kamarun,
AFI Policy Manager, SME Finance

(December 2015). Regulations for P2P lending followed in 2016.

- > Malaysia practices a principles-based regulatory approach.

Some noteworthy features of Malaysia's alternative finance regulations:

- > Alternative finance is limited to firms seeking funding (both crowdfunding and P2P)
- > Data on P2P borrowers can be shared with credit reporting firms / open data platform
- > There are caps on the amount allowed for investment per investor
- > The operation of a secondary market is allowed
- > It is mandatory to report sex-disaggregated data

The second speaker, Samuel Lee, presented a picture of the SME Financing Ecosystem and the various measures that were implemented through this Ecosystem to ensure continuous access to financial services.



Jay Dizon, Deputy Director, Payment System Oversight Department, Bangko Sentral ng Pilipinas.

The Ecosystem has six pillars and they are as follows:

1. Outreach & Awareness Programmes
2. Development & Financial Infrastructure
3. Debt Resolution & Management
4. Avenues to Seek Information & Redress
5. Financing Facilitation
6. Financing & Guarantee Scheme

Lee also talked about the comprehensive financing support available in Malaysia for enterprises in the categories of Seed & Start-ups; Early Stage; Growth and Expansion, and Large. The presentation included various initiatives and mechanisms that are in practice to promote SME finance. Some of these initiatives are:

- > Providing a wide range of initiatives to enhance the overall financing ecosystem
- > Collateral-free financing under Skim Pembiayaan Mikro (Microfinancing Scheme, whereby participating financial institutions offer easy, fast and convenient microfinance products to micro enterprises with viable businesses)²
- > Affordable financing via BNM's Fund for SMEs
- > Seamless financing application via the ImSME online platform
- > MyKNP (a financing advisory service), which offers a positive customer experience for financing applicants who have been unsuccessful with other lending bodies
- > Assistance for financially distressed SMEs under the Small Debt Resolution Scheme (SDRS)
- > Advisory, information and awareness programs for SMEs

There are two groups of SMEs in Malaysia, according to Lee's presentation. While one group is primed to obtain financing from the formal banking system, the other group is not allowed or not considered eligible. BNM is making efforts to help the second group and is pushing



Samuel Lee, Manager, Bank Negara Malaysia, sharing his ideas during the workshop.

the banking industry to move into segments which are deprived of SME financing. As most SMEs appear to have awareness gaps, BNM is working to raise awareness regarding finance. Lee also discussed guarantee schemes, Credit Guarantee Fund, Credit Information Sharing, Debt Resolution Scheme etc.

For his section, Nik Kamarun presented key results from the survey on Alternative Financing MSMEs conducted in September 2019 by the MSME Working Group of AFI. He started with providing an overview of different forms of financing by MSMEs, which are at varying stages. He followed this with challenges that MSMEs face in getting funding from formal financial services providers. These include:

- > A lack of collateral
- > The high cost of borrowing
- > A lack of financial track records
- > Discrimination by banks (MSMEs may be perceived as risky)
- > MSMEs are asset light
- > Information asymmetry due to limited understanding of this innovative sector

The session then transitioned into Non-Banking Financing and Alternative Financing. Some of the findings from the survey with regard to the progress of Non-Banking Financing include:

- > Bootstrap/internal funds have become more widely available
- > Leasing, hire purchase and supply-chain financing as well as factoring activities continued to increase in 2018
- > Online alternative financing/platforms are expanding fast, driven by Fintech developments
- > Venture capitalist investments were up in 2018 in a majority of high-income countries
- > Private debt and public listings on SME stock markets remain at historical highs

With regard to regulation on MSME Alternative Financing, Nik relayed that 37 percent of respondents in the survey reported having specific regulations for alternative financing while 43 percent of respondents reported that they had no specific regulations. Nine percent of respondents are working on new regulation for alternative finance sources.

2 Pembiayaan Mikro, Bank Negara Malaysia. Available at https://www.bnm.gov.my/index.php?ch=idx_b&pg=idx_hgths&ac=35

SESSION 6: DIGITALIZING CREDIT SCORING AND ASSESSMENT

This session was presented by Abdul Rahim Raduan, Chief Corporate Officer, Credit Guarantee Corporation (CGC) Malaysia, Haniza Yon, Global Psytech Sdn Bhd and Regina Feng, Industry Research Advisor, Ant Financial Services Group.

Abdul Rahim Raduan provided a brief background of CGC and an overview of the microfinancing landscape. BNM owns 78.6 percent of CGC shares while 22 commercial banks and one credit company own the remaining 21.4 percent. Malaysia's MSME landscape can be described in the following four broad categories:

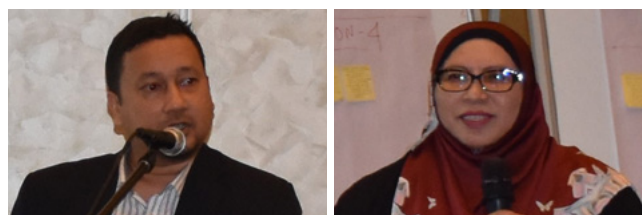
- > Banks & CGC
- > MSMEs and Supporting Agencies
- > P2P and ECF players
- > Trade Chambers & Associations

Abdul Rahim also provided an overview of the local microfinance landscape, which includes following players:

- > Financial Institutions (comprising seven commercial banks and Islamic banks)
- > Development Financial Institutions (AgroBank, Bank Rakyat, Bank Simpanan Nasional)
- > Microfinance Institutions (Amanah Ikhtiar Malaysia, TEKUN, Yayasan Usaha Malaysia)
- > Ar-Rahnu/Pawnbroking (Pawnbroking arms of financial institutions and non-financial institutions, such as Ar-Rahnu X'change, Pos Malaysia, YBU YaPEIM)
- > Cooperatives (Bank Rakyat and other 640 microcredit cooperatives)
- > Credit Companies (over 4,100 moneylenders regulated by the Ministry of Housing and Local Government)
- > P2P Players (11 P2P players who are experiencing growing acceptance)

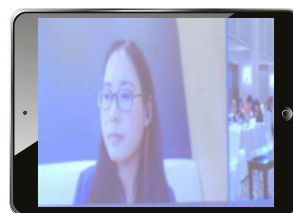
Abdul Rahim talked about CGC's journey towards digitizing microfinancing and identified following critical success factors:

1. The profile of the target market is mostly unregistered businesses



Abdul Rahim Raduan,
Chief Corporate Officer, Credit
Guarantee Corporation (CGC)
Malaysia

Haniza Yon,
Global Psytech Sdn Bhd



Regina Feng (via video link),
Industry Research Advisor, Ant
Financial Services Group

2. Collection model - frequency and methods
3. Impairment (ECL) Policy - the drawing up of a new policy tailored to suit the model
4. The documentation required is simplified and user-friendly
5. Compliance - more are willing to comply given shariah certification
6. Regulatory reporting - customers' credit ratings are easily available through the Central Credit Reference Information System's (CCRIS) reporting
7. Tailored recovery plans for micro loans
8. Assessment tools to come up with an alternative credit score

Haniza Yon began her presentation by making the point that there are six million microentrepreneurs in Malaysia, but the majority of them are not able to get loans from regulated financial providers because they lack verified credit histories. This is where the Global Financial Insights (GFI) can play a role. The credit scoring solution analyzes 11 intellectual properties and it takes under 15 minutes to complete the assessment.

The GFI applies artificial intelligence, behavioral science and psychometrics to measure the risks of a borrower defaulting on a loan. The GFI offers the following value proposition to lenders and borrowers:

For Lenders:

- > It allows them to tap into the previously underserved B40 market
- > There is an improved rate of non-performing loans (NPLs)
- > Quick loan approval time of approximately 10 minutes
- > It promotes responsible lending
- > Cost-efficiencies are improved
- > Low interest rates for B40

Borrowers:

- > Access to affordable and responsive credit
- > Ability to borrow responsibly from regulated lenders
- > Ability to improve household financial health and security

Haniza clarified that the GFI works like an alternative credit bureau and that it can add any additional and alternative data. The GFI looks mainly into the metrics of a borrower’s ability and willingness to pay to predict credit-worthiness. Haniza suggested that the GFI’s predictive accuracy is more than 90 percent, a figure that is based on approximately 3000 customers assessed so far.

The last presenter in this session was Regina Feng from Ant Financial Services Group. Feng started her presentation with a quote from Professor Robert J. Shiller, winner of the Nobel Prize in Economics:

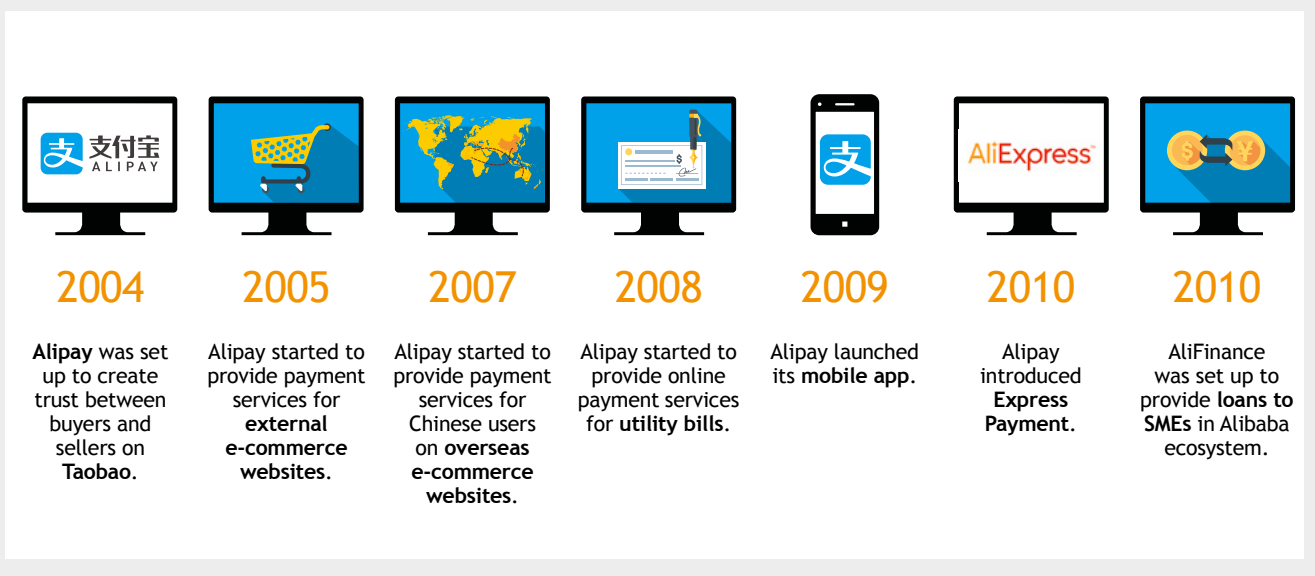
“Finance is not to make rich people richer, but to make a better society. An important feature of a good society is equality and everyone respects each other. Finance is the best driver to fulfill the demand of better life from the world’s growing population.”

Feng provided a brief overview of Ant Financial (AF), a global technology company that brings inclusive financial services to world. Feng also shared the key milestones with regard to loans to SMEs (see figure 3).

Feng talked about AFs “310” practice (3 minutes to apply, 1 second for approval and 0 manual operations) for SME Loans. AF’s microloan program has serviced over two million small brick-and-mortar merchants since its launch in 2017. The average loan size is under 1,600.

Feng also shared an overview of AF’s Ant Credit Pay (now Huabei). A credit payment tool, it is aimed particularly at young users who do not have a credit card. Today, out of every three millennials in China, at least one uses Ant Credit Pay. Seventy percent of Ant Credit Pay users do not have a credit card. AF also has an inclusive consumer credit and risk predictive model which helps them keep the rate of non-performing loans in SMEs below one percent. Seventy-three percent of AF adult customers get their first loan through the AF platform, with the average credit being around 3,000 yuan (USD416 at the time of publication). AF also has its own credit scoring mechanism which analyzes around 100 data points through AI-powered algorithms.

FIGURE 3: ALIPAY KEY MILESTONES



SESSION 7: DIGITIZING CREDIT SCORING AND ASSESSMENT

This session was presented by Aban Haq, AFI Project Lead, DFID, Bomakara Heng, Deputy Director General of Banking Supervision, National Bank of Cambodia and Abhishek Anand of MicroSave Consulting.

The session started with a presentation by Aban Haq, followed by a moderated discussion by a panel comprising Bomakara Heng and Abhishek Anand.

The presentation by Haq investigated the importance of MFIs, growing complexities in the microfinance ecosystem, trends, disruption and how digitization creates value for MFIs and their clients. Haq also talked about how tiered regulation is becoming more common, sharing the experiences of Pakistan and Kenya. The presentation continued with the following remarks:

- > Despite progress, two billion people around the world remain financially excluded
- > We need scalable, sustainable models for delivering financial services to the excluded
- > Digital financial services offer incredible potential for new opportunities, but they also pose new challenges and threats.
- > Expectations from regulators are also evolving. They are keen to:
 - Nurture innovation
 - Ensure consumer protection
 - Ensure fair competition

The panel discussion mostly revolved around the importance of microfinance digitization, approaches to



Aban Haq,
AFI Project Lead, DFID



Bomakara Heng,
Deputy Director General of
Banking Supervision, National
Bank of Cambodia



Abhishek Anand,
MicroSave Consulting

digitization by different countries, challenges and the mitigation measures that have been to address those challenges. The following four key areas of digitization for digital transformation were also discussed:

- 1. Process Digitization:** This involves the automating and digitizing of a number of repetitive, low-value, and low-risk processes, for example, through process apps
- 2. Digitization of product and business models:** Financial institutions can look at digitization for fostering innovation across products and business models
- 3. Channel digitization:** Leveraging technology to digitize traditional financial service channels will be key in accelerating digital transformation especially with the proliferation of apps
- 4. Digitization of user engagement and experience:** Technology can be used to increase a financial institution's connectivity, not just with customers but also with employees and suppliers



Workshop participants from Bank of Thailand.



Workshop participants from Bank Negara Malaysia shares their expertise during the Q&A session.

SESSION 8: LEGAL AND REGULATORY FRAMEWORK FOR MFIS

This session was presented by Bomakara Heng, Deputy Director General of Banking Supervision, National Bank of Cambodia.



Bomakara Heng,
Deputy Director General of
Banking Supervision, National
Bank of Cambodia

The session looked into the regulatory and supervisory role in the design and implementation of an enabling environment for MSME finance. This included providing a legal and regulatory framework in support of MSMEs' access to finance, interventions promoting MSME finance, and the collection and analysis of data on access to finance.

Heng provided a broad picture of Cambodia's financial system including the financial landscape of MFIs, the challenges SMEs face in accessing finance, the work of the Cambodian Investment Board (CIB) of Cambodia, and the status of financial literacy.

SESSION 9: MARKET CONDUCT AND COMPETITION

This session was presented by Zairan Ishak, Principal Assistant Director, Investigation and Enforcement Division, Malaysia Competition Commission (MyCC).



Zairan Ishak,
Principal Assistant Director,
Investigation and Enforcement
Division, Malaysia Competition
Commission (MyCC)

Zairan Ishak began by pointing out that disruptive innovations have the potential to drastically alter markets and the way they function. These innovations do not only involve new products or process; they can also involve the emergence of new business models. The five industries that have already been disrupted and seen key impacts from e-commerce and digitization within ASEAN are:

- > Booking of accommodation
- > Booking of flights
- > Overland transport
- > Cosmetics and beauty products
- > Fashion

FIGURE 4: DISRUPTION CAUSED BY E-COMMERCE AND DIGITIZATION IN 5 KEY INDUSTRIES

Industry	Key impacts and consequences	Examples of key players
Accommodation booking	Increase in independent providers, increased price competition, new audiences for traditional hoteliers	Agoda, Trivago, Expedia, Booking.com, Hilton International, Hyatt, Airbnb
Flight booking	Increased price competitiveness, lower price dispersion, demise of independent travel agents	Expedia, Skyscanner, Asia Travel, Flight Centre, Flight World, Hello World
Overland transport	Increased innovation, reshaping of markets, more sensitive pricing strategies	Uber, ComfortDel Gro, GoJek, Grab
Cosmetics and beauty products	Increased price competition and competition on product selection, demise of brick-and-mortar companies	Luxola, Hermo, Bellabox
Fashion	Increased product choice for consumers, growth in consumer expectations	Zalora, Clozette, VanityTrove, Lelongmy, Fashion Valet, ASOS, Shopbp.com

Zairan highlighted the following issues, which are affecting e-Commerce, the digital economy and competition:

- > Customers' data - a great deal of customer data is collected by online service providers requiring registration, and there is a trend to use this data for purposes that customers may not be aware of. For example, who is the data shared with? Is it used for anti-competitive behaviour? Data is seen as an asset.
- > Algorithms used for surveillance purposes and to detect future behavior may prevent the entry of new and smaller companies into the market, entities which do not have access to this data.
- > Authorities need to change tools for competition for digital and new business model as the old ways of conducting site raids etc. is not relevant.
- > Platforms are new types of market players; they are multisided marketplaces - e.g. Grab (an e-hailing and delivery service with an e-wallet option): through its many riders and drivers 'network' effects are generated and these grow as the platform grows. Competition watchdogs find it difficult to assess anti-competitive behaviour in such business models.

The impacts of these models on competition are:

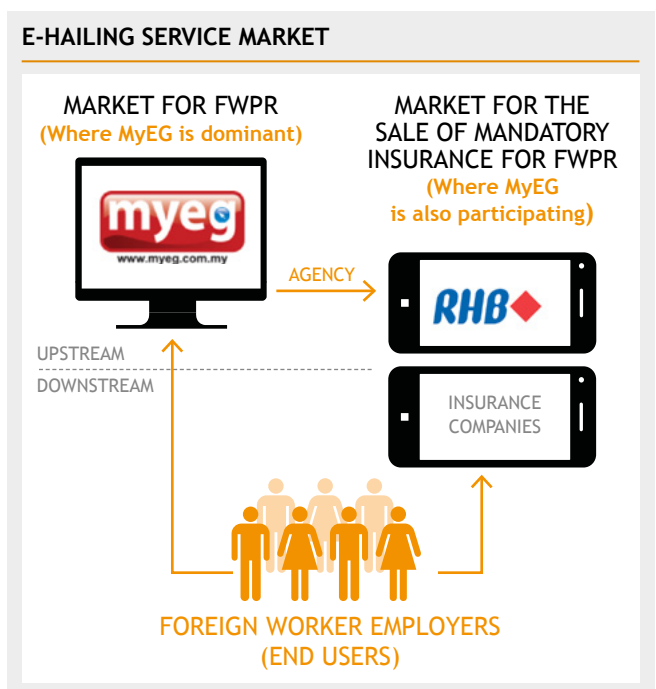
1. Once network effects are created, barriers to entry are created for new entrants
2. As the network grows, switching costs also increase
3. It is important to make sure that the advantage gained is not through anti-competitive means. In most countries, it is acceptable for one company to be dominant in the market but that position should not be abused. The role of MyCC is to ensure that this this does not happen. The session included the following two case studies.

CASE STUDY 1: MYEG

MyEG is a portal engaged in the development and implementation of the electronic government services project, as well as investment holdings. It holds a dominant position in online insurance for Foreign Workers Permit Renewals (FWPR).

MyEG was penalized by MyCC in June 2016 for abusing its dominant position in the market. The competition act in Malaysia defines "dominant position" as "a situation in which one or more enterprises possess such significant power in a market to adjust process or outputs or trading terms, without effective constraint from competitors or potential competitors". This refers to situations when an entity has enough market influence to manipulate prices and business dealings, which their competitors have little power to stop.³

MyEG's subsidiary company, MyEG Commerce, had a contract with RHB Insurance to act as their agent. One of the products they sold was insurance policies which are mandatory for the renewal of work permits required by foreign workers. MyEG provided automatic verification only for policies bought from RHB Insurance on their platform, making renewal much faster for them. If customers bought insurance from companies other than RHB Insurance, MyEG required additional verification, which of course made renewal more troublesome and time-consuming. MyEG was penalized for using its dominant position in one market to increase its market share in another market.



³ JS Lim. 2019. MYEG was fined RM9.34 million for breaking competition laws. Here's what happened. AskLegal. Available at <https://asklegal.my/p/myeg-competition-laws-fined-mycc>

CASE STUDY 2: GRAB

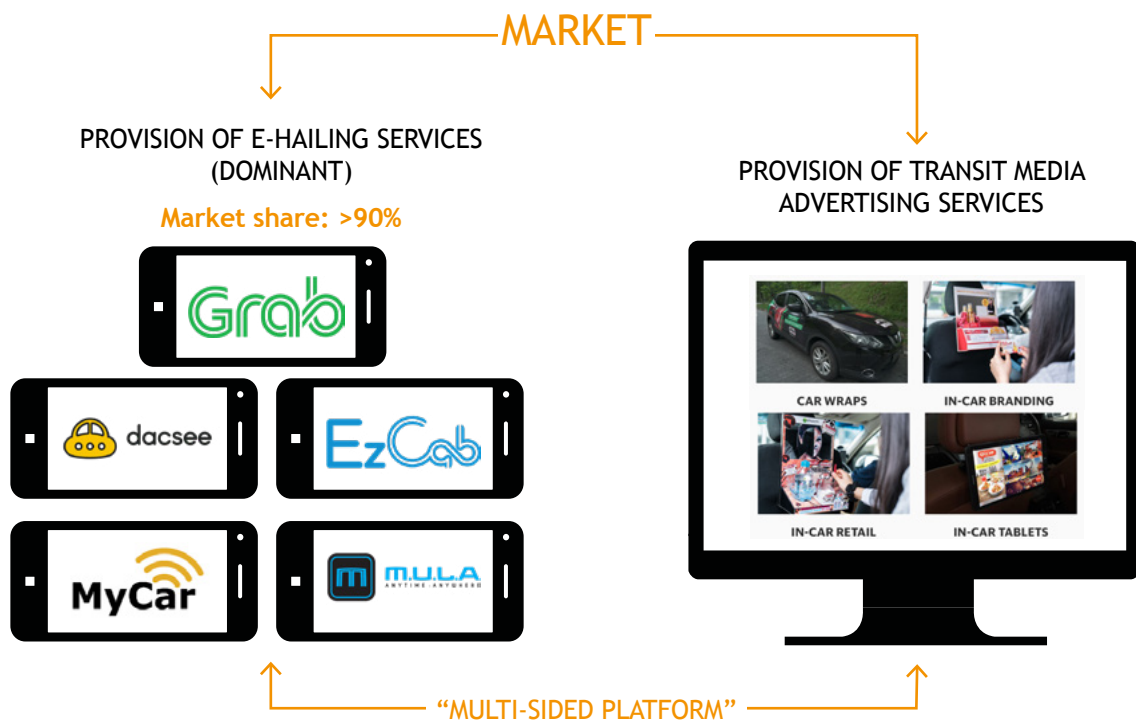
Grab dominates e-hailing services with a market share of over 90 percent. However, its dominance in transit media advertising is insignificant. Grab was found to have used its dominant position by imposing restrictive clauses on its drivers, preventing them from promoting and providing advertising services for its competitors and transit media advertising market. This distorted competition in the e-hailing market, creating barriers to entry and expansion for Grab’s existing and future competitors.

The key discussion points around this example are as follows:

- > Even in competition, interoperability is at play.
- > Regulators also try to balance interests of different financial service providers. Market conduct departments in central banks are being established and rates/pricing info being made available to the public so that consumers can compare and make informed decisions.

- > Best practice for promoting a pro-competition environment: look at how to address inefficient monopolies that exist in a market; licensing regimes affect who enters the market and should be balanced with financial stability and competition. Open disclosure and transparency are crucial. The Central Bank of Mexico (Banco de México) has a website to explain key terms. It also provides a comparison between different products, prices etc. by other providers. It is also possible to use “naming and shaming” as is done in Thailand. The pertinent regulatory entity publishes information on complaints received against a provider. The volume and nature of complaints against each provider tends to get picked up by the media.
- > Coordinating biannual meetings with different regulators and relevant stakeholders to address cross-cutting issues on competition.
- > Disruptive sectors (e-commerce, e-hailing etc.) are also spilling over to financial services also. For example, as mentioned above, Grab is starting to offer some financial services. There is therefore a need to strengthen cooperation between competition authorities and central banks.

E-HAILING SERVICE MARKET



SESSION 10: DIGITAL FINANCIAL LITERACY

This session was presented by Katherine Li, Co-Founder, Butterfly FX and Teh Huey Tzi, Chief Risk Officer, TNG Digital.

The session allowed participant to rethink financial education and digital financial literacy. Katherine Li started off by presenting various financial education initiatives that Butterfly FX has implemented. It has worked with over 260 participants across a variety of institutions. The following are key learnings:

Ineffective	Effective
Traditional classroom models	Micro-learning
One-size-fits-all approach	Localization
Participation and course completion	Metrics & impact measurement
Purely text	Combination of text, photos and videos
Success = test scores	Success = behavior change

Li highlighted following challenges:

- > How do we design, implement and track behavior change so that learning leads to action?
- > How do we embed into the existing ecosystem and institute systematic change with the right partners, rather than creating new disconnected initiatives?

These were the key discussion points:

- > There is an increasing trend amongst FinTech companies to have financial literacy integrated into their platforms. In some cases, it is also driven by regulators who are pushing this agenda.
- > There is no consensus yet on what good practice looks like in this area and what leads to responsible lending or improving the financial health of clients. The industry standard is still missing.
- > What kinds of digital channels work best for the low-income population, which varies geographically and culturally? Radio remains relevant in some places. In Southeast Asia, Facebook and WhatsApp are quite



Katherine Li,
Co-Founder,
Butterfly FX



Teh Huey Tzi,
Chief Risk Officer,
TNG Digital

popular, as is the use of free data such as open WiFi among the younger segment of the population. Hence, social media platforms are good channels to reach out to B40 segments. However, converting clients from using social media to actually taking and completing the financial literacy courses is not easy.

Teh Huey Tzi began her presentation with the definition of digital financial literacy, which is “having the knowledge, acquiring skills and developing the necessary habits to effectively use digital devices for financial transactions”.

Teh presented following three tenets of digital financial literacy:

- > Education: How do we make citizens digital-ready? We need to gather and collate information on what types of services and solutions are available.
- > Awareness: This refers to the “how” of using DFS. It also includes how to educate the public on the specific available features in DFS and how to use them.
- > Security: Imparting knowledge on security as this is the biggest concern of current non-users. There is a need to educate consumers on the potential dangers of using DFS. There is also a need for education to avoid negligence.

She suggested building digital financial literacy around the barriers to uptake and services, and to use advertising campaigns.



Liza Mohammad Noor from Bank Negara Malaysia shares an opinion during the workshop.

SESSION 11: BEHAVIORAL INSIGHTS AND HUMAN CENTERED DESIGN (HCD) IN AWARENESS AND EDUCATION INITIATIVES

This session was presented by Keeran Sivarajah, Senior Project Manager, Dalberg and Vineet Bhandari, Senior Project Manager, Dalberg.

The jointly-represented session examined insights on how cognitive, behavioral, social and psychological elements can be incorporated into financial education and awareness initiatives.

The presenters started with a brief overview of Dalberg and then shared some perspectives from its financial inclusion work. The session also included an exercise on understanding consumer segments in Malaysia.

The following key insights were presented and discussed:

- > There has been an unprecedented increase in financial inclusion in the past few years, with South Asia showing the largest improvement in account ownership
- > The increase has been driven by technology, policy, data, and open ecosystems, pushed by consistent and coordinated action from all stakeholders
- > The full promise of financial inclusion has not been realized, especially among low-income consumers and women
- > Several factors such as trust, awareness, and sociocultural norms prevent low-income consumers from accessing and unlocking benefits of financial services
- > The need for adequate financial literacy and lack thereof among low-income consumers is driven in large part by three factors, namely:
 - A lack of incentives and a limited focus from institutions and financial service providers on designing products and services catered towards low-income consumers. This exacerbates the need to drive financial literacy.
 - There is also limited focus from stakeholders - beyond regulators/policymakers and not-for-profits - to improve financial literacy among low-income consumer groups



Keeran Sivarajah,
Senior Project Manager,
Dalberg



Vineet Bhandari,
Senior Project Manager,
Dalberg

- As a result, existing financial literacy programs are often run in isolation from product/service delivery, and are not designed as per needs of the end customer
- > Most existing financial institutions and service providers offer limited tailored products and services to low-income consumers
- > Improving financial literacy is not a priority for the majority of stakeholders, other than regulators and non-profits

As a result, existing financial literacy programs often end up adopting a 'one size fits all' approach that is at odds with the complex financial needs and aspirations of the underserved.

Dalberg has developed a public information tool called The Human Account with the aim of enabling decision-makers to take on a user-centered lens and thus, design more nuanced financial literacy programs.

The following three key consumer preferences were highlighted as they can help shape financial literacy campaigns:

- > Develop "just-in-time" aspiration pitches and targeted messaging linked to consumer goals
- > Build social proof to drive usage of financial services and leverage community influencers and trusted institutions. The use of group demo to build trust and confidence in financial services
- > Undertake programs that go beyond awareness to actual onboarding to enable consumers to understand services and familiarize them with the usage of services

**ANNEX 1:
PROGRAM AGENDA
KNOWLEDGE
EXCHANGE PROGRAM
- BNM, BSP & BOT**



Pariwat Kanithasen, adding key takeaways on the board at the end of the workshop.

MONDAY, NOVEMBER 25, 2019

Day 1 - Digital Financial Services

08:30 AM - 09:00 AM	Registration of Participants Venue: Ballroom 2, Sunway Putra Hotel
09:00 AM - 09:15 AM	Introduction and Welcome Remarks Norbert Mumba Deputy Executive Director Alliance for Financial Inclusion
09:15 AM - 09:45 AM	Agenda and Context Setting This session will set the context for the three-day Knowledge Exchange Program by highlighting the objectives and the key thematic areas for discussion. The lead facilitator will also lay out the logical flow of the agenda and expected outcome of the event. Lead Facilitator: Mr. Kennedy Komba , Director, Strategy & Financial Inclusion Policy, Alliance for Financial Inclusion Introduction and Tour de Table
09:45 AM - 11:00 AM	Session 1: Building Enabling Fintech Ecosystems This session will provide an overview of a Framework for Digital Financial Inclusion. The focus will be on the four key pillars of the framework including regulatory approaches that support and adapt to these four pillars. Presentations: - Mr. Ali Ghiyazuddin Mohammad , Senior Policy Manager, Alliance for Financial Inclusion - 20 minutes - Mr. Gopal Kiran ASEAN FinTech Leader, FSO Advisory, Ernst & Young Advisory Services Sdn Bhd - 25 minutes Discussion/contribution from participating member countries - 30 minutes
11:00 AM - 11:30 AM	Group Photo & Coffee Break
11:30 AM - 01:00 PM	Session 2: Cybersecurity and Payments This session will present a comprehensive view of cybersecurity in payments and financial services including the ways to identify cyber-attacks and potential solutions to combat those attacks. This session will focus on how private players and regulators can collaborate to ensure its security. Presentations: - Ms. Noor Aishah , National Cyber Coordination and Command Centre (NC4) - 30 minutes - Mr. Shivakumar Sriraman , Head of Risk, Southeast Asia, Visa - 30 minutes Q&A contribution by the member countries - 30 minutes
01:00 PM - 02:00 PM	Lunch - The Coffee House

02:00 PM - 03:30 PM	<p>Session 3: Standardization of QR Code, Payments and regulation</p> <p>The session will revolve around the potential of QR Codes to increase access to financial services conveniently, associated risks in QR code payments, potential mitigation measures and regulation. The session will also present and discuss consumer protection and enablement, as well as financial literacy.</p> <p>Presentations:</p> <ul style="list-style-type: none">- Mr. Lee Zhi Wei, Financial Development and Innovation Department, Bank Negara Malaysia - 15 minutes- Ms. Azleena Binti Idris, Corporate Services Director, PayNet - 20 minutes- Q&A - 5 minutes- Mr. Pariwat Kanithasen, Payment Systems Policy Department, Bank of Thailand - 20 minutes- Q&A - 5 minutes- Mr. Jay Dizon, Payment System Oversight Department, Bangko Sentral ng Pilipinas - 20 minutes- Q&A - 5 minute
03:30 PM - 04:00 PM	Coffee break
04:00 PM - 05:30 PM	<p>Session 4: Digital Banking Innovations</p> <p>In this session, discussants will present the case of their respective countries in terms of the transition it has made from traditional banking to digital banking. This session will also showcase innovations in digital banking space and the role of the regulators to ensure safety and effectiveness of the financial system.</p> <p>Lead Discussants:</p> <ul style="list-style-type: none">- Mr. Pariwat Kanithasen, Payment Systems Policy Department, Bank of Thailand - 40 minutes <p>Q&A - 20 minutes Q&A and contribution by the member countries - 30 minutes</p>
05:30 PM - 05:45 PM	<p>Summary, evaluation and Wrap-up of Day 1</p> <p>Mr. Ali Ghiyazuddin Mohammad, Senior Policy Manager, Alliance for Financial Inclusion</p>

TUESDAY, NOVEMBER 26, 2019

DAY 2 - MSME FINANCE

09:00 AM - 10:30 AM	<p>Session 5: New Avenues of MSME Financing</p> <p>This session will elaborate how Fintech opens new options and accelerates access to MSME financing. Technology platforms increase the efficiency of transactions and digitalisation allows new customers who lack of formal credit histories to be assessed based on alternative data.</p> <p>Moderator:</p> <ul style="list-style-type: none">- Mr. Nik Kamarun, Policy Manager, Alliance for Financial Inclusion <p>Presentation:</p> <ul style="list-style-type: none">- Ms. Wei Zhang, Senior Specialist, The World Bank - 30 minutes- Mr. Samuel Lee, Manager, Bank Negara Malaysia - 30 minutes <p>Discussion/contribution from participating member countries - 30 minutes</p>
10:30 AM - 11:00 AM	Coffee break

11:00 AM - 12:30 AM	<p>Session 6: Digitalizing Credit Scoring and Assessment</p> <p>This session will highlight the use of Artificial Intelligence (AI) in generating highly predictive credit scorecards through customers' digital footprints as an alternative to normal credit scoring, thus improving the number of loans disbursed for underbanked customer personal loans and shortening the decision-making time while enhancing confidence simultaneously.</p> <p>Presentation:</p> <ul style="list-style-type: none"> - Mr. Abdul Rahim Raduan, Chief Corporate Officer, Credit Guarantee Corporation (CGC) Malaysia - 20 minutes - Dr. Haniza Yon, Global Psytech Sdn Bhd - 20 minutes - Ms. Regina Feng, Industry Research Advisor, Ant Financial Services Group (VC)- 20 minutes <p>Discussion/contribution from participating member countries- 30 minutes</p>
12:30 PM - 01:30 PM	Lunch - The Coffee House
1:30 PM - 03:00 PM	<p>Session 7: Digitalization and Evolution of Microfinance Institutions (MFIs)</p> <p>This session will discuss the importance of MFIs and how the model differs across countries with different development stages from social enterprise/investment models, to public-led and market mechanism model. Also, by leveraging on Fintech, MFIs can evolve to capture a wider market.</p> <p>Microfinance providers are taking progressive steps to embrace digital finance. Technology and digital platforms have become the ultimate conduit in delivering better MFI products, services and operations.</p> <p>Presentation:</p> <ul style="list-style-type: none"> - Aban Haq, Project Lead, DFID, Alliance for Financial Inclusion - 20 minutes - Moderated Discussion: 40 minutes <p>Moderator:</p> <ul style="list-style-type: none"> - Nik Kamarun, Policy Manager, Alliance for Financial Inclusion <p>Panellists:</p> <ul style="list-style-type: none"> - Mr. Bomakara Heng, National Bank of Cambodia - Mr. Abhishek Anand, MicroSave Consulting (VC) (MSC) - Ms. Aban Haq, AFI <p>Q&A, discussion and contribution for member countries - 30 minutes</p>
03:00 PM - 03:30 PM	Coffee break
03:30 PM - 04:30 PM	<p>Session 8: Legal and Regulatory Framework for MFIs</p> <p>Regulators and supervisors play a key role in the design and implementation of an enabling environment for MSME finance, which includes providing the legal and regulatory framework support MSMEs' access to finance, interventions promoting MSME finance and the collection and analysis of data on access to finance.</p> <p>Presentations:</p> <ul style="list-style-type: none"> - Mr. Bomakara Heng, National Bank of Cambodia - <p>Q&A - 15 minutes</p>
04:30 PM - 05:00 PM	<p>Summary, evaluation and Wrap-up of Day 2</p> <p>Mr. Nik Kamarun, Policy Manager, Alliance for Financial Inclusion</p>
7:00 PM	Dinner - Hotel Westin at Bukit Bintang

WEDNESDAY, NOVEMBER 27, 2019

DAY 3 - CONSUMER PROTECTION AND DIGITAL FINANCIAL LITERACY

09:00 AM - 10:00 AM	<p>Session 9: Market Conduct and Competition</p> <p>This session will highlight examples of policy/regulatory responses to competition-related issues. The focus will be disruptive innovation and its implication for competition policy and effective & legitimate enforcement of competition policy.</p> <p>Presentation:</p> <ul style="list-style-type: none">- Mr. Zairan Ishak, Principal Assistant Director, Investigation and Enforcement Division, Malaysia Competition Commission (MyCC) - 40 minutes <p>Q&A and open discussion - 20 minutes</p>
10:15 AM - 10:30 AM	Coffee break
10:30 AM - 12:30 PM	<p>Session 10: Digital Financial Literacy</p> <p>This session will focus on how stakeholders can take advantage of increased digitalization to maximize the impact of their initiatives. The session will focus on the use of digital tools as a means of reaching and engaging with the public on financial education. The session will cover experience of using videos, animations, social media platforms etc. in communicating complex issues such as cybersecurity, privacy, responsible credit, investments etc. in an easily understandable manner.</p> <ul style="list-style-type: none">- Ms. Katherine Li (VC), CO-Founder, Butterfly FX - 20 minutes- Q&A - 10 minutes- Ms. Teh Huey Tzi, Chief Risk Officer, TNG Digital - 20 minutes- Q&A - 10 minutes
12:30 PM - 01:30 PM	Lunch Break
01:30 PM - 03:00 PM	<p>Session 11: Behavioral Insights & Human Centred Design (HCD) in Awareness and Education Initiatives</p> <p>This session will provide insights on how cognitive, behavioral, social and psychological issues can be incorporated into financial education and awareness initiatives.</p> <p>Lead facilitators:</p> <ul style="list-style-type: none">- Mr. Keeran Sivarajah, Dalberg (in person) and- Mr. Vineet Bhandari (VC) - 50 minutes <p>Q&A, discussion/contribution from participating member countries - 40 minutes</p>
03:00 PM - 03:15 PM	Coffee break
03:15 PM - 03:30 PM	<p>Session 12: Summary, wrap-up of day 3 and evaluation</p> <p>Mr. Jaheed Parvez, Technical Specialist, Alliance for Financial Inclusion</p>
03:30 PM - 04:30 PM	<p>Session 13: Discussion on next steps and way forward</p> <p>Mr. Kennedy Komba, Director, Strategy & Financial Inclusion Policy, Alliance for Financial Inclusion</p>

GLOSSARY OF ABBREVIATIONS

AF	Ant Financial Services Group (formerly known as Alipay)
AML/CFT	Anti-Money Laundering and Countering Financing of Terrorism
BCI	Blockchain Community Initiative
BNM	Bank Negara Malaysia
BOT	Bank of Thailand
BSP	Bangko Sentral Ng Pilipinas
CCRIS	Central Credit Reference Information System
CGC	Credit Guarantee Corporation Malaysia
CNII	Critical National Information Infrastructure
DFS	Digital Financial Services
DFS WG	Digital Financial Services Working Group
DLT	Distributed Ledger Technology
ECL	Expected Credit Loss
FinTech	financial technology
FWPR	Foreign Workers Permit Renewal
GFI	Global Financial Insights
MEPS	Malaysian Electronic Payment System
MSME	micro, small, and medium enterprises
MyCC	Malaysia Competition Commission
MyClear	Malaysian Electronic Clearing Corp
MyEG	Malaysian Electronic-Government Services Bhd
NACSA	National Cyber Security Agency
NC4	National Cyber Coordination & Command Tree
NCCM	network configuration and change management
NDID	National Digital Identity
NFIS	National Financial Inclusion Strategy
P2P	Peer-to-Peer
QR	“Quick Response” Code
SME	Small and Medium Enterprises

Alliance for Financial Inclusion

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