



Opening speech by Tan Sri Dato Dr. Mohd Munir Abdul Majid, Chairman, Financial Services Professional Board (FSPB) at the Business Ethics Conference 2018 “Fintech: Business Benefits and Conduct Challenges,” 23 May 2018.

Let me begin by thanking everyone whose contribution has made it possible for this conference to be held today. The staff of the FSPB secretariat, the assistance from the Asian Institute of Finance (AIF), the speakers for being willing to share their experience and perspectives, the moderators who are my colleagues from FSPB, and you participants who have joined us this morning. I would like to thank also the various sponsors and supporters of this event. I would be remiss not to underline and acknowledge Bank Negara Malaysia for making available these excellent conference facilities at Sasana Kijang. Thank you all.

I had suggested to my board that this conference be held to explore and to come to grips with the conduct issues in the FinTech environment which has so far been informed more by its business benefits. Believe me, we are in no way embarking on an exercise to frustrate those hugely positive possibilities - which, even if we were, we would not be able to - but only to negotiate a course to help ensure ethical and professional conduct are equally observed in the fast-moving FinTech environment even as they are not fully adequately observed in the conventional financial services industry environment.

Certainly we do not want the threat of systemic risk to actualize, as has been seen in shadow banking activities in one or two jurisdictions, although I daresay the statutory regulators are fully conscious of this. But it would help if individual operators and institutions are made aware of their social responsibility to ensure systemic stability in carrying out their business.

More specifically, while those ethical principles and conduct practices may be the same, we must bear in mind new actors are entering the financial services industry who have no experience of being regulated and with whom such culture can be perceived to be inhibiting in the world of innovation. One of the main objectives of this conference is to begin the thought process of ensuring such a world without barriers but with responsibility.

There will also be a proliferation of financial services using new technology, certainly in the way they are offered. They are positive - like e-wallets using smart phones which bring the unbanked and the under-banked into the modern world of commerce, e-commerce and its payments and clearing systems - but we have to examine, for instance, how the Know Your Customer (KYC) principles are being applied here. We have to reflect on consumer-protection issues as financial products are offered in a world of endless possibilities.

We have to think about the huge amount of data that would be passing through and passing across, the use and abuse of it, despite the pro forma personal data protection



undertaking and acquiescence at the bottom of an offering, usually in small letters. We cannot ignore the big issues that have hit the headlines, such as the one involving Facebook and Cambridge Analytica.

We should follow the regulatory tug-of-war now going on with the FAANG (Facebook, Apple, Amazon, Netflix and Google) in Europe and America. They are not without relevance to us in the financial services industry. If before it could perhaps be argued: Cash is King, we are entering a world where: Data is King.

Malaysia is at the forefront in Asean in embracing FinTech. Our regulators have not been far behind the developments that have been taking place. Malaysia is the first country to enact equity crowdfunding regulations. At the end of 2017, there were 450 campaigns funded on this platform with close to RM50 million raised. Bank Negara Malaysia has introduced the regulatory sandbox which aims to encourage innovation in financial services by allowing regulated financial institutions and startups to experiment with FinTech solutions in a production or live environment subject to appropriate safeguards and regulatory requirements.

We in the financial services industry should do our bit. We should cultivate and inculcate in the spirit of social responsibility and self-regulation a culture of protection, compliance and risk management, among ourselves and with the regulators. We are at the forefront as well as at the battlefront of the possibilities and challenges of FinTech. The FSPB is an industry-driven body enjoined to play that role in Malaysia's financial services industry along with other similar bodies. This conference, for us at FSPB, is part of that process in the world of FinTech.

Our conference features an impressive set of key speakers from the USA, UK, Macau, Australia, Singapore as well as distinguished speakers from the region. Our keynote speakers will address the theme of ethics and professional standards in the FinTech world, the overview of the FinTech ecosystem and the future ethical challenge of FinTech. The experiences and knowledge shared by our distinguished speakers will certainly add value to our understanding and appreciation of the business benefits and conduct challenges in the FinTech world.

Our speakers from the plenary sessions will provide us with better understanding of the role of regulators in FinTech and pertinent measures that can be undertaken by the industry, even as the regulators perform their statutory responsibilities. Our speakers will share their experiences and discuss the benefits and challenges of FinTech, from which we can learn what can be done to equip ourselves in this dynamic FinTech world. Perspectives will be shared on how best to balance innovation, business risks and ethical conduct going forward.

The purpose of this conference is to focus on technology ethics in the FinTech world. It is hoped that it will kick-start some insightful discussions which would form a basis for our industry to develop with limitless innovation based on uncompromising social responsibility.

Let me wish all of you a fruitful and enjoyable time here at the conference.