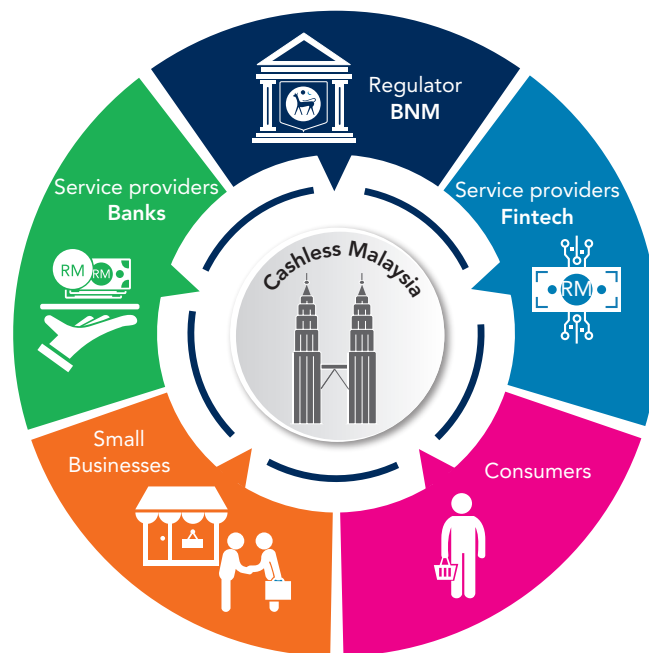


# EXECUTIVE SUMMARY

Malaysia's migration towards a cashless society is one of the main thrusts towards embracing the digital economy. As a means to enhance financial inclusion further, Bank Negara Malaysia (BNM) has supported the policy objective of a cashless economy. To understand the pull and push factors in the evolving retail payment landscape towards increased cashless transactions, the Asian Institute of Finance (AIF) in collaboration with University of Malaya's Department of Finance and Banking, has conducted a study to collect feedback from various stakeholders that are driving this initiative forward. This report is based on wide-ranging discussions with officials from local and international financial institutions, non-bank cashless service providers or Fintech firms, as well as the regulator, BNM. We surveyed consumers as well as small businesses in Klang Valley to understand the factors that motivate the adoption of the various cashless payment instruments (*Figure 1*).

**Figure 1: Study approach**



The key findings from this AIF study are:

- Malaysian society is well on its transition path towards a cashless society, with all major stakeholders having a welcoming stance as well as technological maturity matching the set expectations. Increased usage of a wider range of cashless payment instruments will depend on a few factors. These encompass enhancing awareness of cashless benefits, educational aspects concerning the availability of various cashless systems and devices, provision of low cost cashless means as well as easy-to-implement cashless devices compatible with the operational scope and business value of microbusinesses. Enhancing digital trust in cashless payments remains a focus area for improvement of adoption among both consumers and small businesses.