Talent in the Digital Age

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Anusha Thavarajah
Chief Executive Officer
AIA Bhd.

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As the workforce evolves in a rapidly changing digital landscape, we must break free from past habits to continuously adapt and change to ensure a more productive and successful future. Organisations must understand their talent needs and transform into flexible networks by dismantling complex structures and mobilising people to deliver on new capabilities towards becoming digitally sustainable. They must also engage with broader ecosystems and take advantage of emerging technologies. All this, while creating a digital culture without losing the values that motivate us all. Our latest edition of *Asian Link*, entitled ‘Talent in the Digital Age’, explores why organisations need creative people in a culture where technology is changing our lives.

Our personality for this edition features Anusha Thavarajah, Chief Executive Officer of AIA Bhd. She explains that AIA has adopted a more holistic approach of future proofing the organisation by embarking on a journey to create a culture of entrepreneurship and innovation. AIA believes that by doing the right thing, in the right way and with the right people, results will come.

Nora Manaf, Group Chief Human Capital Officer, Maybank Berhad, believes that emotional intelligence, adaptability, problem-solving, leadership, creativity, innovation and a willingness to learn are some of the most important soft skills for survival in the future workplace.

Zia Zaman, Chief Executive Officer of LumenLab & Chief Innovation Officer of MetLife Asia, emphasises that to stay relevant, financial services organisations need to put customers at the heart of everything they do, embrace and encourage an experimental mindset among employees and embed a culture of innovation and collaboration within their organisations.

According to Brett King, Founder & Executive Chairman of Moven; and bestselling author of ‘Bank 4.0 – Banking Everywhere, Never at a Bank’, traditional forms of branch banking will soon disappear and new competitors including FinTech companies are intensifying the competition.

We live in an age where ethics matter more than ever and keeping to the highest standard of ethics and integrity is an inextricable part of professionalism in the financial services industry. Our final article highlights some of the key insights from experts speaking at the Business Ethics Conference 2018, entitled ‘FinTech: Business Benefits and Conduct Challenges’. Business leaders and experts on ethics from the region and overseas discussed the ethical issues and challenges in raising professional standards across financial services within the context of an evolving FinTech ecosystem.

*AIF* conducted a series of studies on fostering innovation and consumer trust in the financial services industry. The findings from these studies will provide human resource practitioners and business leaders with a fairer perspective on the progress of a renewed innovation journey in view of the emerging technological advancements, as well as insights into the driving factors of trust and deterrents for FinTech adoption.

This is my last edition as Chief Editor of *Asian Link*. I would like to take this opportunity to thank our contributors and readers for supporting us over the years and in making the publication a success. I know our in-house team will continue to provide insights into key issues facing the FSI.

I do hope you enjoy this edition of *Asian Link*. We welcome feedback on our articles and do follow us on LinkedIn.
In Conversation with
Nora Manaf
Group Chief Human Capital Officer of Maybank Berhad

Nora Manaf is Group Chief Human Capital Officer of Maybank Berhad, the largest public-listed company on Bursa Malaysia, one of Asia’s leading banking groups and South East Asia’s fourth largest bank by assets. The Group, with a workforce of over 43,000 employees, offers an extensive range of products and services, which include consumer and corporate banking, investment banking, Islamic banking, stock broking, insurance and takaful, and asset management. Nora was responsible for the design and execution of Maybank’s People Transformation plan and continues to lead and shape strategies to drive human capital objectives across the group to realise Maybank’s aspirations. Her team of 220 staff group-wide has initiated a myriad of meaningful and impactful solutions to support Maybank’s mission of humanising financial services.
In this interview with Dr Raymond Madden, CEO of Asian Institute of Finance (AIF), Nora Manaf explains how Maybank is ensuring that its employees have the right digital skills and competencies, the Bank’s strategies for diversity and inclusion, as well as building leadership capacity to be at the forefront of sustainable leadership into the future.

Maybank is among the top five banks in South East Asia with an international network of over 2,200 offices in 20 countries. What are the challenges in managing employees across many different countries and what strategies have you put in place to ensure a common Maybank culture?

Managing an international or regional organisation is always about continuously ensuring that the workforce has direct line of sight to the organisation’s aspiration, understanding and contextualising the business strategy to enable them to contribute to the organisation meaningfully.

A few months before I joined Maybank, the board and senior management team decided to embark on a transformation journey to secure our leading position in the Malaysian financial services industry. This was a perfect opportunity to realign the team, taking stock of the causes for the declining trend of all financial and non-financial performance indicators of the Bank as well as the continual complacency. The exercise was also a milestone event when the Group decided that it was committed to pursue its regional aspirations, which led to revamping the organisational structure for more visibility and to enable cross-synergies within the Bank.

Establishing organisational performance improvement can only be undertaken when the employer sets the right foundation of values and culture. The Core Values are the crux of the organisation which need to be demonstrated in every action and decision to enable all to grow responsibly. Internalising the organisation’s values is a journey that requires consistency, commitment and discipline at all times to ensure that actions and behaviours are checked. The Core Values are integral to the Maybank way of life, ideals that drive what we do and how we do it. Our mission of ‘Humanising Financial Services’ is at the core of everything we do: from the way we treat our employees and the services we provide our customers and the community, to long-term investments we make in growing our people both personally and professionally.

From a human capital, work place and performance management standpoint, everything was designed to be integrated to achieve a common language and approach across our footprint. It was and remains important for employees to have confidence, clarity and excitement for them to progress. Essentially, we had and continue to ensure that our workforce has the same values system, ways of working and mind-set to grow responsibly.

As a result of all the interventions, we continued to increase employee productivity, build stronger employee engagement and reduce attrition. Our strong results are indicative of the high performing culture that is underpinned by our values system. In 2017, Maybank Group’s Sustainable Engagement Index (SEI) stood at a high of 88% against internal and external benchmarks. Our key retention rate was 90% in 2017 compared to 52% in 2009. People productivity performance continued to trend positively year-on-year – profit before tax per employee was at RM233,330 in 2017 compared to RM167,142 in 2012. These are some of the validations of the

Maybank’s Group Human Capital team celebrating Nora’s birthday.
effective of Maybank’s transformation in driving the intended culture.

What is your overall approach to talent management at Maybank, both in terms of developing existing staff and identifying future talent?

Talent management has been a key strategic function for the Bank, with the objective of having the right talent to drive the current business plan and future of the Bank. Our aim has always been to integrate our business strategies and implement systems to attract, develop and retain people with the required skills, attitude and aptitude. Maybank has an extensive curriculum that provides its talent with many learning and development opportunities required to accelerate their careers.

Our Talent Management Framework is made up of four areas: Recruit, Perform, Develop and Reward. It guides us in maintaining a sustainable talent pool by continuously attracting, developing and retaining the right talent. The framework is complemented by a range of tools that help us to identify strengths, weaknesses and critical gaps as well as create suitable pipeline programmes for different levels and specialties. All our talent-related programmes are designed with progressive policies and interventions that create the right climate for employees to work and engage whilst entrusting them to make good on what is expected of them. Talent progression is consistently tracked and reviewed through multi-level talent reviews and execution of individual development plans. On an ongoing basis, we also ensure that our people policies and practices are aligned with our promise to humanise people management and development.

Our commitment to Maybankers is that for every ten vacancies, eight will be filled from within. And, we are holding on to this commitment until today – 85% of senior management vacancies were filled by internal talent in 2017.

This commitment has also, therefore, driven the training spend. We channelled over RM100 million of our training fund to include international assignments. Since the introduction of our International Mobility Policy in 2009, we have seen a total of 390 Maybankers sent out on international assignments. Out of these 390 Maybankers, 67% are males and 33% females.

Maybank’s philosophy of embracing diversity and inclusion goes beyond gender, focusing on issues related to women and sustaining efforts to create a safe, inclusive and equitable work environment.

How is Maybank ensuring that its employees have the digital skills and competencies required in this time of rapid digitalisation and technology change? How important will soft skills be in the future?

We have embarked on our digital upskilling programme called the Maybank FutureReady Upskilling Programme which aims to upskill all Maybankers in six areas including: (i) digital awareness; (ii) data-driven decision-making; (iii) human-centred design; (iv) agile; (v) future communication; and (vi) risk and governance in the digital world. We have set aside RM30 million for our group-wide upskilling programme in 2018.

Our FutureReady upskilling programme pushes both training on inculcating an even stronger growth mindset (which is part of our core values – Teamwork, Integrity, Growth, Excellence & Efficiency and Relationship Building (T.I.G.E.R.)), as well as application of new skills to the job. What this means is that we want our people to be proactive in learning as there will be continuous new developments in technologies and skills. To achieve those objectives, we have developed a unique experiential learning format called the FutureReady Lab where we train all managers to be learning facilitators in their respective teams and departments. The FutureReady Lab is a sound learning and problem-solving platform to learn as a team which will further strengthen our teamwork (the “T” in our Core Values).

New roles must be created fast enough and the roles must enhance customer experience. We strongly encourage our employees to upskill themselves as we redefine existing transactional roles. We provide the right form of training to ensure all employees have the digital skills and competencies required to do their jobs well. This has also led to a strong employee retention rate of 90%.

I believe that emotional intelligence, adaptability, problem-solving, leadership, creativity, innovation and a willingness to learn are some of the most important soft skills for survival in the future workplace. Robots will only take over certain jobs or certain aspects of a job as processes become more automated and artificial intelligence takes prominence in the future. There is also no doubt in my mind that human interaction in banking is still going to be around for a long, long time. I believe the jobs in the future will be jobs that machines cannot learn – relying on the heart and not the head. Therefore, it will be critical to reimagine the future of work and to remember that digital technology becomes powerful where it augments or enables the human experience.

Inclusive workplaces recognise and value individual differences. What is Maybank doing to foster diversity in the workplace? And for gender diversity in particular – for example, what are your strategies in terms of maternity leave, mothers returning to work and getting more women into senior management roles?

Maybank’s philosophy of embracing diversity and inclusion goes beyond gender but we continue to identify issues related to women and make efforts to
create a safe, inclusive and equitable work environment for our employees. The constant line of sight on data through a dashboard allows us to identify possible causes of imbalances or provide the support to level the playing field in real time. To date, 55% of our employees are women. We are proud (and never complacent) that our comprehensive People Dashboard introduced since 2009, and the discipline of monitoring our people transformation through it saw key indicators trending in the right direction with the corresponding financial indicators with all the deliberate interventions. Our GO Ahead. Employer Value Proposition (EVP) encapsulates our humanising mission to attract and retain talent, and to respect diversity and inclusion. Its four pillars of Create, Grow, Lead and Fly are designed to push our talent to become outstanding and valuable individuals to the organisation.

The Maybank Women Mentor Women Council, is one example of the support and a key initiative that Maybank’s leadership put in place to ensure that as an organisation we benefit from the strategic capabilities of a diverse workforce. Female representation is 45% in management positions and 31% in top management positions. As at March 2018, 36% of our Board of Directors are women.

Maybank continuously introduces innovative solutions to create an enabling and caring workplace environment. We now offer extended maternity leave of up to 365 days for eligible female employees within the Group, making Maybank the first bank in the country to offer such benefit. This is on top of the existing full pay and full benefits of the 90-day maternity leave available to female employees of all grades. The Extended Maternity Leave Policy allows employees to apply for an additional maternity leave period of three months with half-pay and a further six months with no pay with continued medical and insurance coverage.

As recent as a few weeks ago, we extended our parental leave to staff who are adopting a child. The Parental Leave Policy for child adoption allows eligible employees (irrespective of their marital status) to take a leave of absence up to a maximum of 90 days with variable pay and full benefits to bond with their new child.

We also have designated car park facilities for pregnant women, our ‘emergency based’ Maybank Tiger Cubs Childcare Centre for employees to resolve any sudden childcare-related crisis, lactation rooms, gymnasium for women and many health and wellness programmes.

Can you give examples of some of the work-life balance initiatives Maybank has implemented?

Some of our work-life balance initiatives include the holistic facilities and meaningful solutions mentioned earlier. We have been supporting employees to manage their work-life balance at all stages of their lives to enable higher productivity. We have a platform called Go Ahead. Take Charge! (TC) which also includes amongst others, work-life balance programmes that take into account the experiences and needs of all our people. Amongst the pillars of the platform are the ‘Flex-In’ and ‘Flex-Out’. Under Flex-In, there is a myriad of flexible work arrangements employees can choose from, from three-day work week, flex off-base to sabbatical leave. To date, 15% of employees are on flexible working arrangements.

Flex-Out is a programme developed to assist employees with business ventures they wish to pursue in their personal lives, while still employed with the Bank, though on a part-time basis. Of course, this is whilst ensuring that their business is not in conflict with the Bank and the application is vetted thoroughly before approval is granted. One example of Flex-Out is when one of our employees decided to work on his farm but at the same time wanted to contribute part-time to Maybank. The Bank supported the employee through seed funding to start a chili farm instead of making a full pay-out to him. In doing this, not only did the employee with long-term income but also fulfilled the employee’s wish to continue being part of the Maybank family.

We know there is no one-size-fits-all when it comes to flexible work, but by finding the right fit for each of our employees, and what works best for their teams, flexibility can have vast benefits and be a true win-win for all. With platforms like TC, we continue to provide opportunities, reflective of our promise to humanise people management and development for increased performance, creativity and elevating further our customer relationships and experiences. These are all part of the solutions we have introduced, reflective of Maybank’s EVP and its promise to emplace people management policies that enable high performance. These policies are intended to facilitate realisations, create the right climate to help employees work and engage in this 4.0 world, entrusting all to make the right decisions at the right time for a strong shared future.
Can you tell us more about ‘Maybank GO Ahead. Challenge’ (MGAC)? What differentiates it from other programmes in the industry?

Maybank GO Ahead. Challenge (MGAC) is an international, multi-dimensional, innovative recruitment platform open to new graduates and final-year university students, and is part of Maybank’s aspiration to create a talent pool of world-class leaders and dynamic financial specialists. This reality-driven talent competition is designed to test participants’ behaviour, critical thinking skills, creativity, as well as technical and general knowledge.

Participants are exposed to real-life pressures and expectations of a high-performing organisation. Working on case challenges in multi-national teams, they get to engage with top leaders across diverse industries. These case challenges—simulated scenarios, although different from one another, were specifically designed with a common goal – that is to test the participants’ critical thinking, resilience, ability to work efficiently with one another, agility and creativity in making important choices that will impact the future. These traits are of course some of the key components that we at Maybank look out for in talent. We did not want to take the traditional route of resumes and interviews as culture fit is also important.

With the imminent arrival of Gen Z into the workforce, what strategies does Maybank have to manage this new generation as well as a multi-generational workforce more generally?

When it comes to the empowerment and development of Gen Z to face the future, Maybank is dedicated to teaching them to be agile and nimble and preparing them to thrive in an environment that is fundamentally altering the way we live, work and relate to one another.

As you and I know, Gen Z are digital natives, which is quite different from previous generations. We have to create new jobs to fit this generation of people into an environment that is rapidly being reshaped by automation and artificial intelligence. We are upskilling the previous generations to have the required digital mind-set and to be on the same level of digital literacy with this new talent pool.

When it comes to leading a multi-generational workforce, I tell my managers that insights into the differences among the generations can help us better understand the needs and expectations of our colleagues. By learning the motivations and generational footprint of each segment, we can leverage talent and capitalise on the diversity of our teams. Imagine the wide range of ideas and knowledge from a diverse group of people and how this can actually serve our organisation well and help employees excel in their work.

What keeps you energised?

I believe that the secret to a successful business is to identify the right talent for the right tasks, implement the right solutions and give everyone the opportunity to excel in what they do best. My aim is to ensure we have a workforce that is diverse, whether in gender, race, or nationality. Diversity means that your organisation will be open to new ideas, new ways of thinking. And harnessing the creative abilities of our whole team – that kind of environment, is likely to produce an even richer selection of creative ideas and solutions to work tasks and challenges.

This is what keeps me going; making a difference, impacting people. I am very humbled to be a Maybanker; I have learnt so much, I am still learning every single day, and there is still so much more to do on our transformation journey. We are proud of what we have been able to accomplish, but transformation is a journey that is never done.

Nora Manaf is Group Chief Human Capital Officer, Maybank Berhad.
Anusha Thavarajah

AIA Bhd. has come a long way since it was first established in Malaysia 70 years ago. Over the last two years the business went through a transformation and as a result, created a unique identity for itself. At the helm of the organisation is Anusha Thavarajah, who was appointed Chief Executive Officer of AIA Bhd. in June 2015, the first woman to join the life insurer’s rank of CEOs in six largest markets in the Asia Pacific region.

Anusha Thavarajah’s foray into the insurance industry happened by chance. She had always wanted to be a doctor, but was offered a scholarship by the Malaysian government to study actuarial science. And the rest, as they say, is history. As CEO, Anusha’s focus is on strengthening the company’s multi-distribution channels to narrow the protection gap; enhance the AIA customer experience by focusing on ease and simplification; and leveraging technology to boost choice and convenience for its customers.

In addition to her role at AIA Bhd., Anusha was elected as Life Insurance Association of Malaysia’s (LIAM) new president in March 2018.
Q. Tell us about your career success and challenges. What is the best piece of career advice you have received which you would like to share with new recruits entering the workforce today?

A» When I started out, the one thing that I remember vividly was this principle: in order to achieve success, you need to work hard and not give up.

I started my career in the UK as a young trainee actuary and it has taken me to different countries and companies. The workforce today is very dynamic and fluid and has its own set of challenges that are vastly different from the ones I faced when I first entered the workforce – but I believe that the values that drive success are the same. So, the best piece of career advice that I have received that is applicable for our young generation today: ‘focus on the now, do your best, be patient and opportunities will come to you’.

Q. What are some of the key challenges faced by AIA Bhd. in terms of human resources and how is the organisation positioning itself to take advantage of future growth opportunities?

A» We focus our attention on developing and harnessing the power of our employees and our Life Planners, it gives purpose and meaning to their work and their journey in this industry.

In our business, we are 100% about people – our employees, our Life Planners, our customers. We believe that by doing the right thing, in the right way and with the right people – the results will naturally come. As an organisation, we understand that the right foundation always begins with giving a sense of importance to our people.

We also strongly believe in the importance of training and development for our employees – I always believe that you never stop learning! AIA has invested in interesting staff engagement programmes like ‘LEAN’ Innovation which cultivates a culture of entrepreneurship within the company.

Over the past five years we have heavily invested in our Life Planners by enabling them to be full-time professionals while providing them with digitally enhanced tools that push them to the forefront of our industry.

Leading on from that, we have expanded our efforts into a critical area that is commonly forgotten – the wellbeing of the workplace. This led us to launch the Malaysia’s Healthiest Workplace by AIA Vitality survey to understand and improve the health and wellbeing of employees through workplace health strategies.

Q. A dramatic shift is under way in the workplace with a heightened focus on generational differences. As more baby boomers work past retirement age and tech-savvy millennials continue to enter the workforce, differences in values, communication styles and work habits are becoming increasingly pronounced. What steps is AIA Bhd. taking to ensure managers overcome this unconscious bias and engage a multi-generational workforce?

A» We are fortunate that our industry has unifying denominators that help cut through this dilemma.

Firstly, it is our unified mission to help Malaysians live healthier, longer and better lives by being the first-choice health, wealth and protection partner in the country.

Our assets have been built over the years and for the past 70 years we have successfully positioned ourselves as the largest life insurer in Malaysia. Our focus to protect more and more Malaysians has been unwavering – and we remain committed to delivering our promise.

Last year, AIA paid RM2.5 billion worth of claims to over 700,000 customers in Malaysia. This is our testament in ensuring that we are there for our customers by helping them to alleviate their financial burdens during difficult times.

Technology is another common language. We have technologically enabled ‘Baby Boomers’ or ‘Tech-Savvy Millennials’ and many AIA Boomers today work on iPads and other devices like they were born with them. AIA invests heavily in technology to ease the way our Life Planners conduct their business. We were the first company to create an interactive point of sales system for our Life Planners – allowing them to interact with ease and agility with their customers.
Q: Given the competition for talent in the insurance sector, what measures has AIA Bhd. adopted to ensure that the company remains a top choice for the cream of the crop?
A: For me, the success of any organisation is its people. When we bring people into our team, it is about making sure we give them the right environment to develop and one thing I will never compromise on is that every talent we recruit is brought in to make an impact in the organisation and has the opportunity for self-development beyond just delivering a KPI.

Our purpose of making a difference and creating a positive impact in the communities that we operate in resonates with the new generation of employees. What we do on a daily basis and our brand promise is a natural catalyst in helping our organisation grow. We also have a very strong focus on training and development. In the past two years, we have invested in a mindset change programme called ‘Up Your Service’ and have trained over 2,000 employees in the art of customer centricity. Currently we are focused on training our employees to inculcate an entrepreneurial mindset in the insurance industry through a programme called ‘LEAN innovation’. It is my dream to have more than 2,000 AIA employees benefit from this training programme.

I am humbled and proud to lead a dynamic team of over 2,000 employees at our AIA headquarters and branches nationwide. Through competitive remuneration packages, a healthy and vibrant working environment in addition to our focus on building a healthy workforce, we continue to attract the best to work with us.

Q: The growth of the digital economy is driving massive changes in the insurance industry. What is AIA Bhd.’s approach to developing new digital skills and competencies among employees?
A: We are living in a time where the market is continuously being disrupted by new innovations and technologies that challenge the status quo of businesses. In Malaysia, we continue to break new ground in the industry, particularly through our efforts to digitalise our business to introduce greater convenience for our customers and partners.

We made this possible through continuous investment in our people by equipping them with new skills and know-how. We adopted a more holistic approach of future proofing the organisation by embarking on a journey to create a culture of entrepreneurship and innovation. AIA organises bootcamp-style training sessions where participants are given a compressed timeframe to solve real-life customer problems and make recommendations and decisions based on hard evidence of observable customer behaviours.

An example of early success from the bootcamps is our chatbot, ‘Ask SARA’. She is our very own and Malaysia’s first insurance chatbot.
Q: What does FinTech mean for a global insurance company like AIA?
A: There is a lot of talk about disruption these days… UBER, GRAB, AIRBNB…. these are brands that we have come to know and rely on because they have made our lives easier. Technology and digital innovation will continue to disrupt current business models and FinTech can pose a threat to life insurance only if we do not recognise why this happens.

My take is that we need to embrace FinTech. The fundamentals of life insurance can never be disrupted but how we reach our customers and make life easier for them CAN be disrupted. For us, it is about integrating FinTech and our current business model that ‘keeps the human touch’. I see FinTech as an enhancer for AIA, combining the online and offline experience for the consumer and ultimately giving them choice.

Q: How does AIA Bhd. instil an ethical culture and the highest standards of business integrity and professionalism across the business?
A: Business ethics, honesty and integrity have been the cornerstones of our business since we started in 1919, and that has not changed. Our global heritage has served us well till today, out of which 70 years have been spent growing together with Malaysia.

Our operating philosophy is clear – ‘doing the right thing, in the right way, with the right people… and the results will come’. It is institutionalised in our Code of Conduct which sets out our commitment to this philosophy, providing guidance on critical issues, and outlining how we must behave and conduct business on behalf of AIA. It is important for me to ensure that this tonality and philosophy is demonstrated right from the very top – setting the tone and example for everyone else and inculcating that sense of responsibility and ethics in their respective teams.
... it continues to be important that AIA Bhd. spearheads CSR programmes that resonates with the social consciousness of our employees.

Q. Today’s new wave of recruits prioritise social responsibility and are determined to join organisations that care about their well-being, as well as that of the community. How does AIA Bhd. support this next generation of thinkers?
A. We are proud of the work and efforts led by our employees and Life Planners to give back to our communities and we strive to provide our teams the encouragement and resources needed to support a diverse range of initiatives. We see more than 100 activities per year across the Asia Pacific region, driven by more than 40,000 employees and Life Planners that reach out and touch some 335,000 people.

In Malaysia, through our CSR programme ‘AIA Touching Lives’, we have invested more than RM1 million to help communities lead better and healthier lives. Specifically, we focus on supporting the wellbeing of young children by providing financial aid to children born with congenital heart illnesses and cleft lip/palate conditions so that they can undergo corrective surgeries which enable them to go on and live their lives to the fullest.

For me, it continues to be important that AIA Bhd. spearheads CSR programmes that resonates with the social consciousness of our employees.

Q. It is a well-known fact that a healthy workplace is important to both employees and employers, and it takes strong commitment from the top to create and embrace this culture and attitude. How is AIA Bhd.’s leadership promoting healthy habits among its employees?
A. We lead by example! We have had a head start with our roll out of AIA Vitality within our organisation in 2016. We have been extremely encouraged by the energy and enthusiasm with which our employees have embraced the programme since its launch.

Since AIA Vitality’s debut, we have seen how it has helped our members (AIA Vitality members) and our employees re-orient their lifestyle, but also how it has become a boost to our Life Planners in being trusted advisors who can turn conversations around insurance from ‘someday to everyday’ and from negativity to positivity – very much in line with our mission and vision for AIA Vitality.

We have in place facilities and activities to help sustain the workplace lifestyle. In addition to a gym at our headquarters in Kuala Lumpur, we have introduced a variety of fitness interventions such as organised group fitness activities held weekly in the building foyer, as well as healthy food options at our building food court.

Q. The Life Insurance Association of Malaysia (LIAM) works closely with the regulatory authorities and other stakeholders to develop various educational and consumer awareness programmes. As Chair-Elect of LIAM what will be your focus?
A. Firstly, I am extremely humbled to be given the opportunity to lead LIAM, taking over from Toi See Jong, who has done amazing work in building the next phase of professionalising the Industry, with the recent implementation of the Balanced Score Card, part of the Life Insurance and Family Takaful Framework (LIFE Framework). Together with the Management Committee of LIAM, we are clear that we want to work together with Bank Negara Malaysia to raise the professionalism of the industry, and ultimately increase the penetration of life insurance in Malaysia to 75%.

I truly believe that over time these new requirements will enhance the image of the life insurance industry and elevate the quality of our services. Urbanisation, increased cost of living and affluence create a different socio-economic challenge. I hope the Life & Takaful Industry can play a role in closing the protection gap and further ensuring that Malaysians can progress with peace of mind.

Q. What do you do to relax in your spare time?
A. Given the intensity of work and travelling, I make it a point to spend my spare time with my family – especially my son – helping him with school work, music lessons and going out for some good food together as a family.

I try and carve out some ‘me time’ as well to read and watch sports – I am an avid Liverpool fan! ‘You’ll Never Walk Alone’ is my motto.

Anusha Thavarajah is Chief Executive Officer of AIA Bhd.
Are we as an industry going to continue doing the same thing while our customers’ needs and expectations are changing? Or should we challenge the status quo and aim to offer our customers a kind of experience that is frictionless, automated and immersive? These are the questions MetLife is focused on as it transforms to address the rapidly changing landscape. Zia Zaman, Chief Executive Officer of LumenLab & Chief Innovation Officer of MetLife Asia, says perpetuating yesterday’s business models and selling that to tomorrow’s customers simply does not work. Innovation always starts with customers, and you need to immerse yourself in their stories.

I meet a lot of students through our work with academic institutions, and it is rare to find young people who aspire to work in insurance. According to a survey by The Hartford¹, a mere 4% of millennials

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Emerging technologies have shaped customers’ expectations and new groups of customers are on the rise. Based on LumenLab’s Project Ten-X research, five groups of currently underserved customers will emerge as key consumers of our industry. They include women, rural middle-class farmers, octogenarians, mobile workers and people of faith. In order to stay relevant to both existing and sizeable groups of new customers, financial services organisations need to rethink the future of where customers will need us and where the new opportunities will lie.

Are we as an industry going to continue acting the same way that we have been doing for many years while our customers’ needs and expectations are changing? Or should we challenge the status quo and aim to offer our customers a kind of experience that is frictionless, automated, and/or immersive? In my opinion, choosing the latter will increase our appeal to our customers and employees.

Be willing to experiment

Once we understand where the customers are heading and empathise with their problems, we need to rethink what we as an industry can do at speed to serve them.

As Generation Z gains more momentum both in the workforce and as consumers, we too must evolve and adapt to new ways of working. So where do we start?

Build deep customer empathy

I have spent time working on and understanding innovation in a number of companies in both technology and financial services. What most people do is perpetuate yesterday’s business models and try to sell that to tomorrow’s customers. This simply does not work. Innovation always starts with customers, and you need to immerse yourself in their stories.

As Generation Z gains more momentum both in the workforce and as consumers, we too must evolve and adapt to new ways of working. So where do we start?

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diabetes via an easy-to-use mobile app. Harnessing Blockchain (Distributed Ledger Technology), the product offers a quick and seamless experience including a claimless payout once a patient is diagnosed with gestational diabetes. If the Vitana experiment successfully proves the capabilities of this technology at a fraction of the cost or complexity of traditional insurance, then we will have created a new business model to deliver more new products and services to benefit customers. This is attributable to an experimental mindset and agile approach that LumenLab and its partners adopted in designing and developing this technology and its business applications.

**Embrace a growth mindset**

At MetLife and LumenLab, I have had an opportunity to enable a shift in the mindset and culture of the organisation towards growth and innovation. How do we do it? More important than the innovation framework is the innovation behaviours. We work hard to teach our people these behaviours which include:

1. **Curiosity** – always looking in new and different places for stimulus to inspire new thinking and ideas.
2. **Expansivity** – helping to build and expand on each other's ideas, instead of instantly judging them.
3. **Experimentality** – adopting an experimental mindset to always be testing and learning, recognising and reducing uncertainty.
4. **Velocity** – challenging ourselves to move quickly and efficiently, harnessing energy and passion to make things happen.
5. **Bravery** – having the courage to take considered risks and to challenge yourself to speak up and think differently.

LumenLab’s culture of innovation is contagious, and we want to engage other MetLife employees to go through this transformation together. Shifting employee mindsets from traditional ways of thinking to be more agile and customer-centric is not an easy task – and it takes time. To make this change,
LumenLab’s culture of innovation is contagious, and we want to engage other MetLife employees to go through this transformation together. Shifting employee mindsets from traditional ways of thinking to be more agile and customer-centric is not an easy task — and it takes time.

LumenLab offers two opportunities to MetLife employees at any level including:

(1) **Innovation workshops** – taking employees through the innovation journey and establishing one common innovation language, process and toolkit.

(2) **‘Collab’ champion programme** – during which employees get exposure to new agile ways of thinking through working with external world-class insurtech startups to solve key business challenges facing MetLife. This champion programme is part of ‘collab’, an open innovation programme inviting insurtech startups to compete for a US$100,000 contract with MetLife to develop and pilot new solutions across the insurance value chain in areas including customer engagement, sales and operations.

In short, to stay relevant to customers and to be more appealing to the next generation of the workforce, financial services organisations need to put customers at the heart of everything they do, embrace and encourage an experimental mindset among employees and embed a culture of innovation and collaboration within their organisations. Sustainable change will not come quickly or in a linear form, but if we wait, the cost of inaction will be great.

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**About LumenLab**

As MetLife’s pioneers for disruptive innovation, LumenLab is charging ahead to create new businesses in health, wealth and retirement. Lumen, a measure of light, symbolises our commitment to illuminating a new path for solving the problems that the people of Asia face today. Through our focus on building new products and services grounded in technology and data, we aim to help people achieve richer and more fulfilling lives.

**About MetLife**

MetLife, Inc. (NYSE: MET), through its subsidiaries and affiliates (“MetLife”), is one of the world’s leading financial services companies, providing insurance, annuities, employee benefits and asset management to help its individual and institutional customers navigate their changing world. Founded in 1868, MetLife has operations in more than 40 countries and holds leading market positions in the United States, Japan, Latin America, Asia, Europe and the Middle East.

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Zia Zaman is Chief Executive Officer of LumenLab & Chief Innovation Officer of MetLife Asia.
Introduction
This training programme has been designed for managers, executives, trainers, instructors, team leaders, supervision in organization who wish to provide structured, training and conduct relevant and fair assessments in their organization so as to achieve Peak Performance.

Target Participants
- Practising Financial Planners
- Financial Planning Consultants
- Insurance/Takaful Advisers
- Regulators
- Legal Practitioners
- Academicians and Educators
- Other Securities Industry Professionals

Objectives
By the end of the course, participants should be able to:
- Discuss the characteristic of a competent trainer
- Explain adult learning principles and how training can be delivered effectively to adults
- Conduct training needs analysis
- Design competency-based training programme
- Deliver a training session effectively

Special Point of Interest
- Provides skill in demonstrating, explaining, questioning and conducting effective on the job instructions
- The training is workplace focused and guaranteed to add value to your effectiveness at work
- There are practical sessions to enable you to maximize your potential
- Raises professional expertise and performance in communicating and training in the workplace

Methodology
The course content will be delivered through short lectures, group discussions,

Course Fee
Normal Fee RM2,500
("This is the standard fee as per guidelines of HRDF"
Earlybird Fee RM2,250
(Before 1st October 2018)

Course Content
- Plan Adult Learning
- Conduct Training Needs Analysis
- Design Competency Based Training
- Conduct Competency Based Training
- Assess Participant’s Competence

Duration
5 days programme from 3rd - 7th December 2018

Venue & Time
MFPC Conference Room from 9.00am to 5.00pm

REGISTRATION
Please visit and E-Register via website
http://www.mfpc.org.my
Confirmation is subject to availability of seats. (Limited to 20 seats only)

Malaysian Financial Planning Council (MFPC)
Suite 227, Level 22, Menara One Mont Kiara (TMK), No.1, Jalan Kiara, Mont Kiara, 50480 Kuala Lumpur, West Malaysia
Tel: +603-6203 5899 | Fax: +603-6201 2669 | http://www.mfpc.org.my | Email: mfpc@mfpc.org.my

www.mfpc.org.my
Today’s consumer demands are influencing the banking system of tomorrow. According to banking innovator, Brett King, Founder & Executive Chairman of Moven; and bestselling author of ‘Bank 4.0 – Banking Everywhere, Never at a Bank’, ‘Bank 3.0’ and ‘Augmented’, the structure of the financial services industry is changing rapidly and traditional forms of branch banking will soon disappear. New competitors including FinTech companies and organisations not traditionally in finance are intensifying the competition.

In July 2017, Kakao, a Korean internet platform that has the largest messenger app in the country and runs a service like Uber called Kakao Taxi, launched their own internet-only bank – Kakao Bank. In just five days Kakao had opened more than one million accounts1, attracting over half a billion US dollars in deposits, and they claim they would have been able to open more had their technology not been overwhelmed by the demand.

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This is increasingly the standard the new internet banks are being held to, but Kakao, Tencent, Amazon, Uber and Alipay have advantages over digital pure play and incumbents alike. They can apply network effect from their existing platforms to functions like deposit-taking and payments. It is not just that they have access to millions of customers, but that those customers will use their networks for payments, commerce and other bank-like stuff. When those platforms start to offer banking utility it is an obvious evolution of their network utility.

### PREDICTIONS FOR BANK 4.0

**By 2025**

the Largest Deposit-taking Organisations will be Technology Leaders like Alibaba, Amazon, Google, Tencent and Apple

almost 3 BILLION UNBANKED will have entered the Financial Services System without ever having stepped foot in a branch

... if you do not have a revenue or relationship strategy built on real-time delivery, you are going to be severely hampered in the near future.

Changes in day-to-day bank utility as a result of the underlying technology we use daily also changes the way banking effectiveness will be measured. In China where Alipay and Tencent’s WeChat dominate the payments landscape, banks there have had to rapidly retool to build their own mobile capabilities as their deposits and fees were increasingly at risk.

Distribution of financial services in China has fundamentally changed because of TechFin. But no matter where you are based, if you do not have a revenue or relationship strategy built on real-time delivery, you are going to be severely hampered in the near future. If you have a product or service that still requires a signature in five years, you are going to be struggling for any cross-sell and up-sell. You simply will not be able
In 2004, whenever I had to pay my rent, I would go to my bank, queue, withdraw my rent as cash, walk it across the street to my landlord’s bank, take a number and queue, and then eventually deposit the money into his account. Today, I pay my rent using Alipay from Alibaba. I invest using WeChat from Tencent and I bought a mutual fund from Baidu. The landscape has completely changed.

– Kapron, a Shanghai resident talking banking in China; Bloomberg2 Markets.

PREDICTIONS FOR BANK 4.0

By 2030

a Dozen Countries around the World will be mostly Cashless

AI will have accounted for the Loss of more than 30% of Today’s Jobs in Banking

to survive as a bank with revenue from the branch alone. No way. Friction will be the biggest killer of bank revenue in the next ten years. The lowest friction experiences will win the highest network adoption rates. We can already demonstrate that in China, India, Bangladesh, Kenya and elsewhere.

Ask Industrial and Commercial Bank of China (ICBC), the biggest incumbent bank in the world, based in China. Because of the massive dominance of Alibaba and TaoBao, they were forced to launch their own Alibaba e-commerce competitor in recent years called Rong E-Gou (‘融e购’) roughly translates as ‘buy easily’ – today, more than 10,000 merchants sell their goods and services across this platform, generating more than 1.27 trillion yuan (US$184 billion) in sales in 20163. In 2015, Rong E-Gou sold more than 100,000 iPhones, the trick being that ICBC also offered financing for these purchases online. One needs to ask, how many banks have the resources necessary to build an Amazon or Alibaba competitor in their home markets to stay connected like this to their customers?

ICBC added business services to Rong E-Gou in 2015, and today 3,000 companies have sold US$218 billion worth of products, with things...
... because the data and behaviour that drives the use of banking services is increasingly shifting online and to mobile – and advertising on billboards, TVs and newspapers just does not cut it anymore.

as varied as office supplies through to manufacturing robotics. More than a quarter of a million buyers have used the platform. In this case, ICBC is not building bank platform or channels, they are building ways to incorporate banking utility into everyday commerce. Why? Because they realise that banking is quickly becoming embedded in their competitors’ platforms, and customers who have a low friction choice will choose the same financial services through a platform provider rather than ‘go to the bank’. I really cannot imagine ICBC launching this e-commerce platform if not for the success of Tencent and Alipay these last few years. How much do you think ICBC spent on launching Rong E-Gou – US$200 million, US$400 million? At least. That sort of investment in retail commerce would have been considered untenable in years gone by, especially as it is not core to the banking business.

But it was a smart move.

Emirates National Bank of Dubai (Emirates NBD) entered the retail e-commerce fray in May 2017 with the launch of SkyShopper, a platform through which merchants from around the world can offer special deals to Emirates NBD customers. Why are banks like this looking for more commerce action? Primarily because the data and behaviour that drives the use of banking services is...
increasingly shifting online and to mobile - and advertising on billboards, TVs and newspapers just does not cut it anymore. Today, if you want to get a customer to use your banking services, increasingly it has to be wrapped around some other sort of transaction or interaction where they need credit available to complete a purchase, for example. Additionally, once a consumer is using banking embedded in another platform, banks lose visibility on what customers are doing.

In a survey conducted by a Beijing newspaper in March 2017, 70% of consumers in China’s urban centres said they would be comfortable leaving home without cash or cards today. The New York Times reported in July 2017 that there are large sections of urban China that are virtually cashless and cardless because of the huge popularity of mobile payments.

In August 2017, the Prime Minister of Singapore said in his national address that Chinese tourists to Singapore are asking why it is so backward that they still have to use physical cash. It was then that he stated Singapore had to go cashless fast, and announced a government-backed initiative to achieve that.

Commercial banks, Mastercard, Visa and Union Pay are just not leading players in the mobile payments game in China. Why? Because plastic is not in the mobile payments game in China anymore, neither are point of sale (POS) terminals or even, God forbid, automated teller machines (ATMs). New ecosystems have taken over the economy. If you are a bank still using debit cards in China today, you are probably scratching your head wondering how you can get people to use their plastic cards again if it is not for online purchases. If your latest innovation is opening a bank account in a mobile app and shipping cards to your customers, you are still behind the eight ball in China.

This is a world where issuing plastic, or applying for plastic, is no longer of any significant value. In 2016 mobile payments overtook card payments in China. In 2018 China’s mobile payments volume will overtake the rest of the world’s credit and debit cards transactions. The decline of plastic in China is just the beginning.

China’s dramatic shift around the behaviour of payments should be seen as a template for what is possible in the rest of the world. US$17 trillion of mobile payments in China in 2017 represents a dramatic behavioural shift, but seen in context we now understand that this means mobile payments traction is set to exceed credit and debit card payments in 2018 globally. A huge milestone that many would have thought impossible just four or five years ago.

Brett King is Founder & Executive Chairman of Moven, Author of Bank 4.0 – Banking Everywhere, Never at a Bank; and Bestselling Author of Augmented and Bank 3.0.
ARE YOU READY FOR A NEW ERA OF TALENT MANAGEMENT?

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FOSTERING INNOVATION
**Welcoming a whole new world of opportunity**

The term innovation is never foreign in the world of financial services. The evolution in the delivery of financial services from a human-delivered method to that of a machine is a testament to the innovation efforts by stakeholders in the financial services industry (FSI). With the arrival of the Fourth Industrial Revolution (4IR), the FSI is presented with countless innovation possibilities. In Malaysia, we have witnessed digital transformation, introduction of Internet of Things (IoT) and utilisation of big data, just to name a few. The development of innovative solutions is expected to accelerate further as financial institutions (FIs) together with key stakeholders of the FSI increase their demand for cutting-edge technologies.

Much has been written about the topic of innovation in the FSI. Yet, what remains unclear is the current state of play regarding innovation in the FSI in Malaysia: Do FIs have in place the necessary innovation elements within their organisations? What challenges do FIs face when it comes to innovation? How do financial technology (FinTech) startups fit into the equation? What is in store for the FSI in the next three years?

A recent AIF study attempts to shed some light on some of these questions through a comprehensive online survey as well as a series of interviews and focus group discussions. Here are some of the key findings from the study.

**Innovation is key for growth and sustainability**

It is clear that leaders in the FIs in Malaysia understood the importance of innovation. Over 90% of respondents in senior management roles in the study agree that the success of an organisation relies on its ability to innovate ahead of its competitors. The establishment of innovation/digital division is an evidence of the importance the industry players placed on innovation.

Of the same group of respondents, close to half (48%) are of the opinion that their organisations are taking advantage of innovation to gain first-mover advantage. This is illustrated through the forging of numerous partnerships and alliances between the different FIs with ecosystem builders and FinTech startups to accelerate their respective innovation agendas.

**Figure 1: The importance of innovation – leaders’ perspective**

<table>
<thead>
<tr>
<th></th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>My organisation is quick to innovate to gain the ‘first-mover advantage’</td>
<td>37%</td>
<td>11%</td>
</tr>
<tr>
<td>A financial services organisation’s future success hinges on its ability to innovate ahead of its competitors</td>
<td>41%</td>
<td>52%</td>
</tr>
</tbody>
</table>
Fostering an innovative FSI

More than half of the FSI practitioners in the study indicated that the senior leadership teams in their organisations are championing innovation efforts. While leaders in the FSI are playing a pivotal role in driving the innovation agenda, our study has revealed that there is still room for improvement when it comes to other organisational elements in the FSI to foster innovation.

These shortcomings were reflected in the perception of the FSI practitioners on their organisations being innovative as close to half (45%) of them share a positive view on the matter. Breaking it down by sectors within the FSI, practitioners in the banking sector seem to share a more positive perception on their organisations’ innovativeness.

Digitalisation is the way forward

In the coming three years, the majority (89%) of leaders in FIs in Malaysia have indicated that their organisations will continue to invest in ‘mobile and digitalisation’. The rise in smartphone penetration and growing reliance of mobile devices by Malaysians has witnessed the introduction of mobile applications by most of the major industry players in the country.

However, the effort to invest in new technologies does not come with a blank cheque with operational cost pressures being cited as the biggest concern among these leaders. This concern on cost has resulted in productivity/operation efficiency becoming the key area of focus among the FIs.

The innovation journey ahead

While leaders in the FIs continue to pursue breakthrough innovations with the adoption of new technologies, it is equally important not to lose sight of other aspects of their organisations in achieving this goal. Human capital development remains a key area of focus to support the innovation drive as skillsets of practitioners in financial services evolve amidst a changing FSI landscape – to one which is digitally and technologically focused.

Our study has also revealed that opportunities for FIs and FinTech startups to collaborate remain vast, with strong interest shown by both parties to work together. It is with high hopes that future collaborations between the different stakeholders in the FSI in Malaysia including regulators and ecosystem builders will create game-changing innovations recognised in the international arena.

The AIF report, entitled Fostering Innovation: A Perspective from the Financial Services Industry & FinTech in Malaysia, draws upon insights gained from a comprehensive online survey with junior to senior level FSI practitioners and a series of in-depth interviews and focus group discussions with key FIs and FinTech leaders.

Senior managers and human resource practitioners should find the report an invaluable resource to understand the readiness of their organisations in promoting innovation at work.

To purchase a copy of the full report, please visit the AIF website, www.aif.org.my

Leow Chuan Yi is Manager Strategy, Policy Development & Research at AIF.
CONSUMER TRUST IN THE DIGITAL ECONOMY

A PERSPECTIVE FROM THE FINANCIAL SERVICES AND FINTECH IN MALAYSIA
The challenge in global consumer trust in the financial services industry has been long standing. Heightened by the 2008 global financial crisis, consumer trust and confidence has experienced a downwards trend resulting in public scepticism and pessimism across the globe. Although much as been done to restore and regain consumer trust over the years, data protection, privacy and cybersecurity remain key concerns, resulting in ethical practices being questioned.

Coinciding with this trend has been the emergence of the Fourth Industrial Revolution: The Digital Era. With advances in digitalisation at an all-time high, it is not surprising that strategies for digital transformation have been coined to bolster industries and drive profit, especially in the Malaysian financial services industry. The success of such a digital transformation, however, cannot be fulfilled in the absence of consumer trust. So, just how trustworthy do Malaysian consumers consider the financial services industry to be? How has trust translated to FinTech? What ethical practices are being adopted among FinTechs to ensure professional business practices are being carried out?

The Asian Institute of Finance (AIF) embarked on a research study early this year to examine the role of trust and the prevailing related trends in the financial services industry. In addition, consumer awareness and FinTech engagement was also measured with a focus on understanding the driving factors of trust and deterrents for FinTech adoption. Supplementing this study was the exploration of ethical practices adopted among FinTechs to understand what organisation traits need to be curbed in order to sustain ethical practices.

AIF research findings indicate that Malaysian online consumers find their financial service providers to be trustworthy in providing their most core basic need: delivering on their promises. Competence and reliability is recognised among financial institutions particularly with the banking and insurance sectors where operational and transaction offerings tend to prevail. In contrast to more ethical-related factors, less than two thirds concurred that their financial service provider championed their best interests at heart (Figure 1).
Consumer appetite for FinTech is remarkably high, with four out of five consumers using FinTech in the latest year. Despite this relatively high adoption, institutions will need to prioritise driving consumer trust, with concerns around managing finances online and personal data security being key factors (Figure 2).

What can we do to drive consumer trust? Clearly a collaborative effort is required from all stakeholders in the FinTech ecosystem. There is a greater need to invest in stronger data protection and security measures to evoke a continuous positive customer experience and embody greater communication channels which provide education to consumers on the FinTech ecosystem. Ultimately, the financial services industry must better understand consumers’ needs and embrace a genuine commitment to meeting those needs to gain consumer trust traction.

The AIF research study draws on insights from 1,000 Malaysian online consumers across Peninsular Malaysia. Findings are also supplemented through consumer and professional interviews among the FinTech community.

The full research report will be available for sale and download from the AIF website, www.aif.org.my, from August 2018 onwards.

Katie Lee is General Manager, Strategy, Policy Development & Research at AIF.
FINTECH
BUSINESS BENEFITS AND CONDUCT CHALLENGES

The Business Ethics Conference 2018 explored the ethical issues and challenges in raising professional standards in financial services within the context of an evolving FinTech ecosystem.

inTech is a combination of digital technology and conventional finance. FinTech has transformed the way banks offer their products and services to customers by easily embedding innovative ways into everyday banking transactions. It is therefore important to consider the implications of these emerging technologies to ensure that they are correctly utilised, regulated sufficiently and their adoption is not abused. The financial services industry must understand the ethical elements of finance and identify trends and opportunities that will shape the future of FinTech.

The Business Ethics Conference 2018, entitled ‘FinTech: Business Benefits and Conduct Challenges’, jointly organised by the Financial Services Professional Board (FSPB) and AIF was held on 23 May 2018 at Sasana Kijang, Kuala Lumpur. The conference, attended by over 200 financial services’ leaders and experts on ethics and FinTech, focused on the current and new trends in the FinTech ecosystem and the impact of this emerging disruptive technology on ethics and standards of professionalism in the financial services industry.
OPENING REMARKS

Tan Sri Dato’ Dr Mohd Munir Abdul Majid, Chairman, Financial Services Professional Board (FSPB); and Chairman, Bank Muamalat Malaysia Berhad

Tan Sri Dato’ Dr Mohd Munir Abdul Majid said that the Business Ethics Conference 2018 was intended to explore and understand the ethics and conduct issues in the FinTech environment. He believed that it is important to embark on an exercise to help ensure ethical and professional conduct are equally observed in the fast-moving FinTech environment.

He said that while ethical principles and conduct practices may be the same as the conventional financial services industry environment, it would help if individual operators and institutions are made aware of their social responsibility to ensure systemic stability in carrying out their business. He added that there will be a proliferation of financial services using new technology and therefore, it is crucial to reflect on consumer-protection issues as financial products are offered in a world of endless possibilities.

We are now entering a world where ‘data is king’, given the huge amount of data passing through and passing across all types of undertakings. He hoped that the conference would kick-start some insightful discussions which would form a basis for the industry to develop limitless innovation in the spirit of social responsibility and self-regulation reflected by a culture of protection, compliance and risk management.
Enhancing Resilience through Ethics and Professional Standards in a FinTech World

R.A. Farrokhnia, Faculty & Founding Executive Director, Advanced Projects and Applied Research in FinTech, Columbia Business School, USA

According to Professor Robert Farrokhnia, ethics and ethical behaviour are gaining importance especially with the advent of technology. A change in user habits and expectations is already visible, evidenced by the investment trends which suggests that data has been fuelling and feeding analytics, machine learning and artificial intelligence.

He said that there are many venues through which data can be collected and analysed for patterns. With data becoming more important, its usage has become blurred particularly so when there are non-financial industry players who can now enter the FinTech realm.

Professor Farrokhnia also emphasised the importance of regulating FinTech while fostering innovation. Organisational ethics need to be defined and fostered. In addition to this, he also mentioned that regulators need to keep up with the latest technology development such as sandboxing and collaborating with innovators especially when ethical, regulatory and governance in the age of blockchain and artificial intelligence (AI) are the new paradigms of the industry.

He added that the opportunities and challenges faced by the industry are likely to be centred on managing the ‘known unknowns’ and preparing for the uncertainty or the ‘unknown unknowns’ in the age of data.

Regulatory Framework and Ethics in the Age of FinTech

Datuk Dr Mohd Daud Bakar, Executive Chairman, Amanie Group, Malaysia
Jamaludin Bujang, CEO, Malaysia Venture Capital Management Berhad (MAVCAP)
Chin Wei Min, Executive Director, Innovation, Digital & Strategy, Securities Commission Malaysia

Moderator:
Ng Keng Hooi, Group Chief Executive and President, AIA Group Ltd; and Board Member, Financial Services Professional Board (FSPB)

According to Ng Keng Hooi, a vibrant ecosystem takes years to build and requires policies and actions from multiple stakeholders. He said the panel will discuss the role of the regulator in FinTech and the implications for ethics and professional standards.

Chin Wei Min said that the Securities Commission Malaysia looks at this issue from a stakeholder perspective. From an ethics perspective, he highlighted three key areas (i) sales – know your customer (KYC) to how the products are marketed and sold; (ii) data – how FinTech players look at data privacy and confidentiality; and (iii) gig economy – relationship between the independent service provider and the employee. Another clearly interesting area which we should start thinking about is the accountability of ‘man versus machine’.

Datuk Dr Mohd Daud Bakar said that Shariah is the easiest discipline to be embedded into technology because it provides a set of rules and principles. The algorithms of Shariah can be transferred into products, services and processes. The future is about smart technology and Shariah should embrace and be on par with technology.

Jamaludin Bujang emphasised that regulators should not create policies that could stifle innovation. With FinTech, we can expect products and services that are cost-effective, real-time and efficiently delivered.
**FinTech: The Ecosystem**

**Anselmo Teng, Former Chairman, Monetary Authority of Macao**

Anselmo Teng highlighted that the rise and rapid development of FinTech is transforming the way the financial system operates. The world has developed a digital society that is dependent on the creation, adoption and integration of information technology. When FinTech first emerged, the business scope of technology firms related to the financial sector not only duplicated traditional banks, but also gave rise to fierce competition. Over time, both technology firms and banks began to realise that it is important for them to co-operate for the benefit of product sustainability and development of markets in which they operate.

He mentioned that there are three key areas of FinTech in our daily lives including: (i) customer relations administration whereby innovative banking products and services have been developed to meet the demand of customers; (ii) effective marketing and quality service – analysis of data which can trace the mode of consumer behaviour to identify their potential requirements; and (iii) risk management – the prevention of financial fraud can be enhanced through big data analysis.

Anselmo emphasised that regulators can play a more proactive approach to prevent excessive risks from FinTech activities by providing a platform for regular dialogue, collaboration and information sharing between FinTech innovators, financial service providers, industry associations, public sector regulators, standard-setting bodies and institutions of higher learning.

Anselmo also introduced a recent initiative by Hong Kong and Macau known as the Alliance for Financial Stability with Information Technology, which is an autonomous platform for industry professionals to identify, map, evaluate and address digital challenges by exploring and applying practical technology solutions.

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**FinTech: Benefits and Challenges**

**Dr Tony Tan, Co-Head, Ethics, Standards & Professional Conduct, CFA Institute, Singapore**

**David Fong, Founder President, FinTech Association of Malaysia**

**Amran Hassan, Head of Innovation, Corporate Development & Innovation, PCEO’s Office, Maybank Berhad, Malaysia**

**Moderator:**

**Richard Thomas, OBE, Managing Director, Sustainable Economy Ltd, UK; and Board Member, Financial Services Professional Board (FSPB)**

In this session moderated by Richard Thomas, panellists discussed the advantages and disadvantages of the FinTech landscape and what instilling ethics means in a FinTech reality.

Amran Hassan said that we have definitely seen a higher spend on innovation and FinTech in the banking industry. A lot of technology that came from the west was taken up by retail banks first including know your customer (KYC), better customer experience on mobile apps and loan processing. But from the investment banking standpoint, we have not seen much adoption to technology and this could be because we need to first understand the kind of technology that is available.

According to Dr Tony Tan trust is one of the most important things today. There are basically three components to trust: (i) propensity to trust; (ii) perception of the trustworthiness of the trustee which are competence, care and ethics; and (iii) perceived risks. He said that ethics is evidenced by honesty, independence, competence and stewardship.

With the emergence of FinTech, there is a whole different level of complexity to regulating the financial services industry. David Fong said that we are seeing the financial services industry being significantly disrupted by FinTech companies that are not traditionally banks but technology companies using entirely different business models. Regulators are struggling to understand these new business models and technology as the level of sophistication is very different. FinTech companies need to have good governance and transparency practices and policies and promote their value statement upfront.
Huy Nguyen Trieu, CEO, The Disruptive Group, UK; and Co-Founder, Centre for Finance, Technology and Entrepreneurship (CFTE)

Huy Nguyen Trieu highlighted the importance of ethical responsibility in the FinTech world. While ethics may not be perceived as important in the early stage of starting up a business, it will become an organisational issue if it is not addressed especially when organisations are growing at a fast pace. With greater use of technology and hard to forecast applications, FinTech carries a potential for much larger impact.

According to Nguyen Trieu, such responsibility should be shouldered by the bankers, entrepreneurs, technologists, regulators, politicians and consumers. Most importantly, they should be responsible for instilling ethics and fairness, managing systemic risks and job losses, implementing financial inclusion, as well as introducing the model of society.

Nguyen Trieu added that it is important to understand the challenges of instilling ethics in the FinTech world, which includes speed of technology, unintended consequences of technology designs, amorality and knowledge. He believes that a concerted effort in the form of government policies, regulations, guidance on the usage of technology, culture of industry players, as well as behaviours in terms of technology and consumers is necessary to ensure ethics is effectively instilled in organisations.

Future Ethical Challenges in FinTech

Mohamed Ridza Abdullah, Managing Partner, Mohamed Ridza & Co., Malaysia
Kylie Blundell, Head of Standards and Education, FINSIA Australia
Elizabeth Higgs, Accountancy Ethics Consultant, UK
Moderator:
Bill Howarth, President & Chairman, International Compliance Association (ICA), UK; and Board Member, Financial Services Professional Board (FSPB)

Bill Howarth stressed that the banking industry needs to ensure that ethics is at the forefront of everything they do. It is, therefore, important to adopt ethical standards and instil a professional culture to create sustainable growth and value for the FinTech industry.

Elizabeth Higgs believes that the responsibility to develop an ethical culture in the financial services industry lies in the hands of individuals. She said that it is important to have a robust code of conduct particularly against the background of ever-changing financial technology. An ethics code needs to have certain constituents including a mission statement, fundamental guiding principles, ethical principles and codes of conduct. To make the code more robust, organisations need to practice an open culture, have in place a whistle-blowing policy, conduct appraisal interviews more than once a year and most importantly publicise the code.

It is crucial that we consider all our behaviours and recognise when we are facing an ethical dilemma. Kylie Blundell said that in such a dilemma, we should go beyond compliance and instead think about the right thing to do ethically as ethics is actually a higher test than compliance. We should also look at applying a framework that includes honesty, openness, transparency and fairness. This will give us an idea of whether what we are doing in the situation we are facing is being approached in an ethical way.

Mohamed Ridza Abdullah said that despite all the rules and regulations in the financial services industry we continue to see one financial crisis after another. Failure is due to management and individual bad behaviour. According to him, ethics is much more than just compliance to laws and regulations. This is because over time, people will lose focus on published codes or regulations if they do not genuinely believe in the fundamentals of ethics.
In response to digital advancement and technological growth, AIF commissioned a study earlier this year to understand Malaysian consumer adoption trends towards digital platforms. Pertinent to the study was understanding the role of trust and prevailing consumer attitudes as well as concerns with respect to FinTech engagement in the financial services industry. The key research findings were:

- Social media platforms, online streaming, video chat/messaging, on-demand and sharing services are leading digital platforms, with smartphones paving the way in accessing these digital channels;
- The Malaysian financial services industry is considered trustworthy – a key driver of this was the high trust placed on financial service providers in fulfilling their service-related commitments;
- Ethically-related factors such as having consumer interests at heart are highlighted to be less trusted among financial service providers;
- Data privacy, protection and cybersecurity for managing finances online continue to be key concerns among consumers;
- The FinTech industry is trusted and this is translated into adoption: four out of five consumers have used FinTech in the last year; and
- A disconnect exists between ethical principles and practices for the FinTech industry.

A strong and committed collaborative effort across the entire FinTech ecosystem is imperative to drive consumer trust and confidence, and to curb unethical practices.