Malaysia FinTech Report 2019
The Malaysian fintech ecosystem has grown considerably since we started Fintech News Malaysia 2 years ago and we are optimistic that it’s poised to grow even further.

The annual fintech report is our attempt at providing handy guide to anyone who’s interested to learn more about Malaysia’s fintech scene.

This year we’re fortunate enough to receive the support of generous sponsors like Touch ‘n Go eWallet, GHL, Jirnexu, pitchIN, MoneyMatch and DAX Ventures.

The sponsorship does not influence our editorial direction but it does enable us to spend more time to deep dive into our research. So if you enjoy this report, please show these lovely companies some support when the opportunity presents itself.
The traditional financial institutions have always prioritized to serve the first tier customers, preventing more than a billion Asians to be part of the main financial stream and accessing the most basic financial services such as savings account and credit lines. These financial institutions have a certain cost structure to keep up with, thus understandably impose higher financial fees – unaffordable to the many less affluent.

Thus, the emergence of Fintech makes it the most exciting development of today and will very well be the solution to broaden the financial inclusion. Although rather at a relatively nascent stage in Malaysia, Fintech has nonetheless gained some serious traction and penetrated significantly into the financial ecosystem over the years. Fintech stands at an advantage with their appealing combo; low cost high tech financial services and strong grasp of consumer habits to tap into the unbanked segment.

Financial institutions see this development as a possible threat to the existing formal financial ecosystem, thus their businesses. Despite that, regulators continue to push for Fintech to be an indispensable part of the ecosystem, in order to generate a competitive landscape. The regulatory sandboxes conceived for example, is aspired to catalyze innovative Fintech developments, involving all players of the industry. Platforms such as this should be benefited to create more of a symbiotic relationship rather than of a competitive one, between financial institutions and Fintech companies, to co-exist and complement each other. At the end of the day, inadvertently this reassuring development will no doubt benefit consumers the most.

At GHL, we are ecstatic to be an essential part of this ecosystem, bringing to the table of our strongest value proposition - that our product offerings cater for all, especially to the financially underserved. We aim to maneuver main problems faced by SMEs and the unbanked households – that is to bridge the payment and credit gap. While the urban population is thrilled to ride on this Fintech wave, we perceive that the bigger challenge lays in upgrading the financial literacy among the suburban and rural crowds. We embrace that challenge and poise to play an important role in changing that stigma.
MALAYSIA AT A GLANCE

- Population: 32.6 million
- Banked: 95%
- Insured: 52%
- Urban: 76%
- Smartphone penetration: 75.9%
- Internet penetration: 86%
- ATMs per 10,000 adults: 4.6
- Branches per 10,000 adults: 1.6
- Mobile banking penetration: 50.4%
- Online banking penetration: 95.2%
- Debit card ownership: 74%
- Credit card ownership: 21%
- Have savings: 41%

MOVING TOWARDS A CASHLESS FUTURE TOGETHER
BREAKDOWN
FINTECH PLAYERS IN MALAYSIA

PAYMENTS 19%
WALLETS 19%

- Payments: 19%
- Wallets: 19%
- Remittance/FX: 7%
- Blockchain: 7%
- Wealthtech: 7%
- Lending: 7%
- Crowdfunding: 6%
- AI/Big Data: 4%
- Marketplace: 3%
- Proptech: 3%
- Islamic Fintech: 3%
- KYC/Regtech: 6%
- Insurtech: 8%
**PAYMENTS STATISTICS MALAYSIA**

**TRANSACTION VOLUME 2018**

- **MOBILE BANKING VOLUME**: 920.9 million transactions
- **INTERNET BANKING VOLUME**: 790.7 million transactions
- **ATM WITHDRAWAL VOLUME**: 447.1 million transactions
- **E MONEY VOLUME**: 1.9 billion transactions
- **DEBIT CARD VOLUME**: 245.7 million transactions
- **CREDIT CARD VOLUME**: 920.9 million transactions

- Mobile banking transactions surpasses e-money as the highest transaction volume compared to the previous year.

**TRANSACTION VALUE 2018**

- **E-MONEY VALUE**: RM 11 billion
- **ATM WITHDRAWAL VALUE**: RM 40.3 billion
- **INTERNET BANKING VALUE**: RM 411.8 billion
- **MOBILE BANKING VALUE**: RM 734.3 billion
- **CREDIT CARD VALUE**: RM 135.2 billion
- **DEBIT CARD VALUE**: RM 100.1 billion
- **INTERNET BANKING VALUE**: RM 734.3 billion

- Internet banking remains No.1 when it comes to transaction value with a large bulk of the transaction value coming from businesses.

**Source:** Bank Negara Malaysia
Mobile banking transaction value has grown more than sevenfold in this past 5 years while e-Money transaction value has doubled in the same period indicating a Malaysian population that are increasingly comfortable with using adopting technology in financial services.

Source: Bank Negara Malaysia
Payment solutions provider behind renowned payment schemes across ASEAN.

Leading the cashless wave, GHL powers everything you pay using your cards or mobile phone from shopping to transport to food.
HOW ARE BANKS RESPONDING TO FINTECH IN 2019

DOMENIC FUDA, CEO & GROUP MD

“We no longer view digitalization as initiatives; across retail and business banking as well as in human resource, talent and sustainability areas, raising our customers, employees and stakeholders’ digital engagement has simply become "business-as-usual" for the Bank.”

Major Initiatives in 2019
• Introduction of e-Token eToken with Biometric Recognition for Businesses
• Piloting a Collaboration with WeChat to launch WeEat

JAMBUGESVARAR, ACTING CHIEF DIGITAL OFFICER

“RHB has always viewed the Fintech world as an opportunity to collaborate. As such, we have always worked closely with various fintechs ranging from P2P financing, aggregators, accounting solution providers and various others.”

Major Initiatives in 2019
• Launched Dynamic Credit Card CVV Code
• Launched New Mobile Banking App

MICHAEL FOONG, GROUP CHIEF STRATEGY OFFICER

“As we continuously embrace new technologies in today's digitalised environment, it is crucial that banks and fintech players continuously find ways to collaborate in championing sustainable growth.”

Major Initiatives in 2019
• Launched Dynamic Credit Card CVV Code
• Launched New Mobile Banking App

DATO’ CHANG KAT KIAM, DEPUTY CEO

“We can expect digitalisation will continue to be top on the agenda of the banking industry. Banks are expected to continue leverage on financial technology to reinvigorate financial services to create greater value for the stakeholders, and to promote a more inclusive financial system to reach all segments of the community.”

Major Initiatives in 2019
• First to Adopt DuitNow’s Universal Payments QR
• Launched New Mobile Banking App

EFFENDY, CEO, GROUP VENTURES & PARTNERSHIPS

“Clearly there is now going to be new competitors in town. It’s happening in Hong Kong, soon in Singapore and I’m sure Malaysia is next. I think these new players are not just new competitors in banking as we know it, but I do believe they will bring added capabilities to off-takers of financial services.”

Major Initiatives in 2019
• Securing 500k customers in Philippines in 6 months with their digital only bank
• Teaming up with Axiata to offer financing solutions 70,000 SMEs
Despite Malaysian’s increased level of comfort with mobile financial services, Malaysia’s top banks still have more bank branches today than they do 10 years ago. However, we are seeing signs of branch rationalisation with all the top banks with the exception of Public Bank.

Public Bank remains to be the only bank that has been actively adding to its branch network.

*Data extracted from annual reports of each bank. CIMB is excluded from the chart due to incomplete data sets.*
Malaysia’s Full Stack FinTech Leader

- Established in 2011, Jirnexu owns and operates online financial comparison sites in Malaysia (RinggitPlus) and Indonesia (KreditGoGo).

- Reach 2m consumers monthly with a database of over 800,000 customers.

- Developed the proprietary XpressApply service for banks, which increased conversions by 250%, reduced processing time, and increased HR productivity by 300%.

- Approved by Bank Negara Malaysia’s Regulatory Sandbox as a Digital Insurance Broker.

- Raised USD27m in total funding from these blue-chip investors:

1 GMV (Gross Merchandise Value): Calculated based on loan value applied for by consumers and sum assured or annual premium inquired for insurance products.
2 GTV (Gross Transaction Value): Calculated based on disbursed loan value and transacted sum assured or annual premium for insurance products.
The money services business segment within Malaysia is a very well-served space with non-banks significantly outpacing banks as the preferred method of sending money internationally. With the introduction of eKYC guidelines it is anticipated that there will be an increase in remittance using non-bank channels.

Source: Bank Negara Malaysia
This chart is extracted from a study that was conducted by iPrice and AppAnnie.

While the study points to GrabPay as the leader in this space, it’s worth noting that the data includes users who may be using the app without necessarily using GrabPay as a payment option, which will likely skew the ranking in Grab’s favour.

Boost had a headstart in the e-wallet race, securing a sizeable amount of customers with attractive cashback deals. While Touch n' Go eWallet quickly rose through the ranks despite having a rocky start.

Fave though technically not an e-wallet, remains a popular option for Malaysians.

**CONVENTIONAL AUM**

- **Money Market Placements**: 47% (RM 351B)
- **Fixed Income Securities**: 21% (RM 158B)
- **Equities**: 23% (RM 168B)
- **Others**: 4% (RM 27B)

**ISLAMIC AUM**

- **Money Market Placements**: 37% (RM 59B)
- **Equities**: 22% (RM 34.38B)
- **Fixed Income Securities**: 6% (RM 9.9B)
- **Others**: 1% (RM 1.9B)
- **Private Equity/ Unquoted Stocks**: 0.1% (RM 0.1B)

Source: Securities Commission Malaysia
Data compiled by Fintech News Malaysia in 2018 indicates that PitchIN leads the market with 75% market share of total funds raised through Equity Crowdfunding.

**EQUITY CROWDFUNDING**

**AS OF SEPT 2019**

![Image of regulated operators]

- **70** successful campaigns
- **RM65 M** raised
- **40%** below age 35

Data compiled by Fintech News Malaysia in 2018 indicates that Funding Societies leads the market with 51% market share of total funds raised through P2P Lending.

**P2P FINANCING**

**AS OF SEPT 2019**

![Image of regulated operators]

- **6222** successful campaigns
- **RM 521 M** raised
- **55%** below age 35

Source: Securities Commission Malaysia
Whether you're planning to raise funds or looking to invest in the next big thing, you really should talk to pitchIN, Malaysia's No. 1 Equity Crowdfunding Platform.

www.equity.pitchin.my
equity@pitchin.my

DAX VENTURE

Enabling businesses to empower consumers by integrating fintech and proptech.
KEY HAPPENINGS
SHAPING MALAYSIA’S FINTECH IN 2019

SOFT SPACE POWERS THE WORLD’S FIRST TAP-ON PHONE PAYMENT SOLUTION

MONEYMATCH BECOMES THE FIRST TO GRADUATE BNM’S FINTECH SANDBOX

SECURITIES COMMISSION APPROVES LUNO AS THE FIRST CRYPTO EXCHANGE IN MALAYSIA

HSBC SUCCESSFULLY PILOTS MALAYSIA’S FIRST LETTER OF CREDIT TRANSACTION ON THE BLOCKCHAIN

PUBLIC BANK & GRABPAY SIGNS ON TO BE THE FIRST TO ADOPT MALAYSIA UNIFIED PAYMENTS QR
GLOBAL PLAYERS
ENTERING MALAYSIA FINTECH ARENA IN 2019

STRIPE LAUNCHES IN MALAYSIA (OCT)

WAHED INVEST LAUNCHES MALAYSIA
FIRST ISLAMIC ROBO-ADVISOR (OCT)

TRANSFERWISE LAUNCHES IN MALAYSIA (NOV)

RAIZ INVEST OPENS UP WAITLIST FOR MALAYSIANS
SET TO LAUNCH SOON IN 2019
KEY REGULATORY MILESTONE IN 2019

OPEN API
Bank Negara Malaysia Issues Policy Document for Open API

CRYPTO EXCHANGE
Securities Commission Malaysia issues guidelines for crypto exchanges. 22 Companies applied, 20 opted to cease operation.

Luno was the first to be granted full approval, while Sinegy and Tokenize received conditional approval.

ICO/DIGITAL ASSETS
Securities Commission and Bank Negara Working to Bring ICOs Under Securities Law

PROPERTY CROWDFUNDING
Securities Commission Malaysia issued guidelines for property crowdfunding.

FundMyHome was the first and the only one to be approved for the time being.

VIRTUAL BANKING
Bank Negara Governor Nor Shamsiah announces that Malaysia will be issuing virtual banking licenses. Exposure draft to be issued by 2019 and full framework expected early 2020.

E-KYC
Bank Negara introduces e-KYC guidelines for money changers, following similar guidelines for remittance business. No official announcement on industry wide eKYC guidelines.
If we’ve missed you out in our fintech map or if you’d like to speak to us for media enquiries/advertising kindly reach out to: