Content

01 Malaysia at a Glance
02 Malaysia’s Fintech Landscape
03 Payments Landscape
04 Digital Banking
05 Digital Capital Market
06 Key Regulations in 2020/2021
07 Key Developments in 2020/2021
Foreword

Vincent Fong, Chief Editor, Fintech News Malaysia

The Malaysian fintech scene is reaching an inflection point of growth. When we first started Fintech News Malaysia back in 2017, all of Malaysia’s fintech founders could probably fit a small room and I’d recognise all their faces and names. You could feel the excitement in the air, many of these founders had nothing more than an unpolished PowerPoint slide and audacious goals.

Fast forward to today, these same founders are now raising Series A and Series B rounds, securing important partnerships, expanding to other geographies and making the lives of their customers better through their solutions.

This is why we feel it’s important to continue our Fintech Report Malaysia, as the industry grows it becomes more difficult to keep track of the key developments that are happening, we hope the 2021 edition will serve as a handy guide for those seeking to gain clarity on the Malaysian fintech scene.

We’re optimistic the industry is poised for further growth, and we hope to grow alongside it. We’re also thankful for the support of our sponsors BigPay, GHL, pitchIN, CapBay, Payfo, and Jirnexu for helping us make this possible.

Vincent Fong

Chief Editor, Fintech News Malaysia
Foreword

Salim Dhanani, Chief Executive Officer and Co-Founder, BigPay

On the back of a pandemic that has touched every person on the planet and that has fundamentally changed the way we live and work, it should come as no surprise that 2021 will be a transformative year for financial services. The past twelve months accelerated some inevitable trends - from the shift in payment behaviour to an overall change in the consumption of financial products. We will see these trends crystallize further in the coming year as many businesses adapt to provide consumers with products and services catering to this new reality.

South-East Asian countries have some of the youngest populations in the world and with some of the highest concentrations of digital natives and smartphone users. This paired with regulators fostering innovation and the number of entrants into the digital financial services space, promises to push Malaysia - and Southeast Asia as a whole - to the forefront of a blooming digital economy.

Both traditional financial services players and tech giants are having to rethink their business models. Everyone wants to be a fintech now - and there is merit to this. With a move to a more competitive landscape, consumers, sole-proprietors and SMEs all stand to gain as fintech players look for yield where traditional players have either chosen not to venture or have been unable to venture due to cost structures. The ability to seize these opportunities in Malaysia - and across Southeast Asia - whilst mastering scale and profitability will prove key to the emergence of the next regional giants.

By 2040, it’s projected that one billion relatively young and digitally savvy people will demand financial services across Southeast Asia. It is no surprise that governments, capital and labour have all turned their attention to this region. The foundations for the digital economy are being laid down by Malaysia - from the overhaul of domestic payments with PayNet, to digital identity frameworks, open-banking and data sharing standards. These developments will not only benefit Malaysia but will have a network effect on the region and create an opportunity for everyone reading this report.

At BigPay, we are grateful to be a homegrown fintech built from the ground up - allowing us to capture these opportunities. In the coming year, BigPay’s focus will be twofold. We’ll be adding more features with the intent of moving people up the financial services value chain - from digital credit to wealth management. Secondly, we will enable our offering for SMEs and sole proprietors. BigPay has always had the mission of democratising access to financial services, and we’ll be sticking to that ethos as we take on the challenges and opportunities of 2021.

Sincerely,

Salim

Chief Executive Officer and Co-Founder, BigPay
The COVID-19 pandemic has accelerated the digital adoption in ways we never imagined was possible – we are looking at nearly five years’ worth of progress taking place in a short span of just 10 months. 2021 appears to be a pivotal year that encourages the widespread reliance on fintech solutions, proving that GHL’s digital assets and capabilities are indispensable mediums that can ensure continuity of most businesses.

Coined as a financial lifeline and a new normal, fintech has permeated through the lives of consumers and demonstrated the convenience it has to offer. Consumers can now easily access a wide range of financial services within a few taps on their smart devices, allowing them to branch out to newer segments such as edutech and healthtech. The awareness is soaring, and the readiness is at its peak. However, the gap between an integrated digital infrastructure and the digital intellectuality itself needs to be addressed beforehand, to further mobilise the evolution of fintech industry.

That being said, GHL is thrilled to harness this digital transformation that is taking the region by storm. Through initiatives such as MyDigital blueprint launched by the Malaysian government in late February 2021, paired with our vast range of products and our regional network, it gives us the upper hand of being well positioned to play a vital role in propelling fintech and bridging the gap to place Malaysia as the leading regional digital economy by 2030. This is imperative especially in the space of electronic payments and e-commerce.

These are indeed exciting times for GHL and fintech community as a whole!

Sean Hesh
Group CEO, GHL
This 2021 Malaysia Fintech Report was made possible thanks to the support of our generous sponsors below:
Following the global movement restraint order and border closures during the pandemic, Malaysia’s overall GDP contracted by 5.6% in 2020. The implementation of the Movement Control Order (MCO) had affected the labour market activity. However, COVID-19 has accelerated the growth of digital economy. The digital economy’s contribution to GDP reached 20% in 2020, increasing from 19.1% or RM289 billion in 2019. The country’s increasingly digitalised economy helped to boost the presence of startups as well as draw in investors with support from the government and regulators.

**Malaysia in Numbers**

- **RM1,389 billion**
  GDP (2020)

- **-5.6%**
  GDP Growth (2020)

- **MYR799 billion**
  Private Consumption (2020)

- **32.7 million**
  Population (2020)

- **15.9 million**
  Labour Force

- **2.91 million**
  B40 Households

- **20%**
  Digital Economy Contribution to GDP (2020)

- **27**
  Number of Banks

- **34**
  Network Readiness Index 2020* World Rank

Note:* Network Readiness Index (NRI) 2020 by Portulans Institute
Source: Department of Statistics Malaysia, Bank Negara Malaysia
**Malaysia at a Glance**

Digital commerce, banking and social media became a part of Malaysians’ everyday lives

- **27.4M** Internet Users (Jan 2021)
- **122.8%** Mobile Connections (Jan 2021)
- **95%** Banked Population (2018)
- **52%** Insured Population (2018)
- **112.5%** Online Banking Penetration (2020)
- **61.8%** Mobile Banking Penetration (2020)
- **1.0** Bank Branches Per 10,000 Adults (2020)
- **4.4** ATMs Per 10,000 Adults (2020)
- **143%** Debit Card Ownership (2020)
- **30%** Credit Card Ownership (2020)
- **86%** Social Media Users (Jan 2021)
- **81%** Facebook Of Population (Feb 2021)
- **40%** Instagram Of Population (Feb 2021)
- **18%** LinkedIn Of Population (Feb 2021)

Internet banking in Malaysia has quadrupled in the last decade, showing an increase of over 100% usage rate in 2020. Mobile banking is also booming, supported by near-universal 4G network coverage and affordable data with 5G connection in the works. The World Economic Forum ranked Malaysia high among 139 countries and first among countries in emerging and developing Asia in 2019.

As Malaysians continue to adapt their everyday lifestyles to fit the ‘new normal’ during the pandemic, the spike in e-wallet usage became an inevitable trend.

*Source: Global Findex Database, Bank Negara Malaysia*
Digital payments and e-wallets are leading the Malaysian fintech space.

Source: Fintech News Malaysia
02  Malaysia’s Fintech Landscape

Malaysia Fintech Map 2021

Total: 233 Fintech Companies

Payment (50)

Remittance (16)

AI/ Data (8)

Marketplace (8)

Lending (37)

E-wallet (38)

Proptech (6)

Islamic Fintech (11)

Insurtech (22)

Crowdfunding (10)

Blockchain/ Cryptocurrency (15)

Wealthtech (22)

KYC/ Regtech (11)

Note: Some companies appear in more than 1 category to better reflect the nature of their businesses, but they still count as one towards the total
challenge banking

- Spend with best exchange rates
- Save money on international transfers
- Stay on top of your budget with Analytics
- Send money instantly and for free
- Pay bills easily with monthly reminders

www.bigpayme.com

Download on the App Store

Get it on Google Play
In 2020, E-money accounted for the largest transaction volume, contributing 29% to the total payment transaction and lead ahead of mobile and internet banking. Whereas internet banking remains the biggest channel in transaction value, in which corporate transactions made up 88% of the transaction value.

Source: Bank Negara Malaysia
Mobile banking transactions surged more than double to MYR460 billion in 2020 from MYR200 billion in 2019. The surge in transactions was supported by a 3 million increase in mobile banking service subscribers in 2020 to 20.2 million, from 2019’s 17.2 million. While mobile financial services were rising before the pandemic, MCO* was the catalyst that spurred Malaysians to adopt a digital/mobile-first mindset for their banking needs.

Besides banking, Malaysia has 47 non-bank e-money issuers, and the e-money transaction value hit MYR29 million in 2020. The big jump showed that both consumers and merchants had quickly adjusted to the new normal, adopting cashless payment options.

Note: *MCO refers to Movement Control Order implemented by the government as a COVID-19 preventive measure
Source: Bank Negara Malaysia
GHL Drives Fintech via e-Payments

GHL
E-commerce and Payment gateway solutions

e-pay
Reload and bill payment collection

CARD ACCEPTANCE
Third party merchant acquiring

E-WALLET ACCEPTANCE
Enabling local and cross border e-wallets
E-payments grew in 2020 driven by online and contactless transactions. On average, a person in Malaysia made 170 e-payment transactions as compared to 150 in 2019.

- **Online banking transaction volume**
  - 2019: 1.7 billion
  - 2020: 2.5 billion
  - Increase: +49%

- **E-wallet transaction volume**
  - 2019: 0.3 billion
  - 2020: 0.6 billion
  - Increase: +131%

- **Merchant registrations for QR code acceptance**
  - 2019: 293k
  - 2020: 773k
  - Increase: +164%

Source: Bank Negara Malaysia
Greater e-remittance adoption as number of remittance providers grew significantly

In 2020, the lower cost of e-remittance services and convenience of electronic on-boarding process (e-KYC) that provided a more seamless user experience contributed to greater adoption. The offering of e-remittance services supported the industry’s swift recovery from the impact of the pandemic, registering RM26.5 billion in total outward remittances, up by 12% from 2019.

- E-remittance share: 25% (2019: 14%)
- Growth in the value of e-remittance transactions: 106% (2019: 27%)
- E-remittance cost: 1.3% (2019: 1.9%)

Source: Bank Negara Malaysia
BNM evaluates Malaysia’s need for a Central Bank Digital Currency (CBDC)

Technological advancements and the increasing pace of digitalisation have led to the rising adoption of digital payments and the emergence of privately-issued digital assets. BNM has been actively assessing the potential value proposition of a CBDC though they do not have any immediate plans to issue one. The diagram extracted from BNM’s annual report illustrates the regulator’s assessment of CBDC.

**Comparison of fiat currency, e-money and digital assets**

<table>
<thead>
<tr>
<th>Instrument</th>
<th>Issued and backed by a sovereign body</th>
<th>Privately issued and backed by assets</th>
<th>Privately issued and not backed by assets</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Fiat currency</td>
<td>Electronic money (E-money)</td>
<td>Digital assets</td>
</tr>
<tr>
<td></td>
<td>1. Bank notes and coins</td>
<td></td>
<td>1. Exchange tokens (e.g., Bitcoin, Ethereum)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>3. Utility tokens</td>
</tr>
<tr>
<td>Store of Value</td>
<td>Value is backed by a sovereign body (e.g., Government, central bank)</td>
<td>Value is backed by fiat currency</td>
<td>Value is backed by assets (e.g., fiat currency, commodity)</td>
</tr>
<tr>
<td>Medium of Exchange</td>
<td>• Widely used as a means of payments</td>
<td>Widely used as a means of payment</td>
<td>May potentially be used as a means of payment subject to effectiveness of value stabilisation mechanism</td>
</tr>
<tr>
<td></td>
<td>• Some countries are exploring the feasibility of issuing CBDC (digital form of fiat currency)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unit of Account</td>
<td>Widely used for pricing of goods and services</td>
<td>Denominated in fiat currency</td>
<td>May be denominated in fiat currency (for stablecoins backed by fiat currency)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Bank Negara Malaysia
## Payments Landscape

### E-wallet players in numbers

<table>
<thead>
<tr>
<th>Players</th>
<th>Owned by</th>
<th>No. of Users (end 2020)</th>
<th>No. of Merchants (2020)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ant Group</td>
<td>Touch ‘n Go Group (Subsidiary of CIMB Bank)</td>
<td>Over 15 million</td>
<td>300,000</td>
</tr>
<tr>
<td>Axiata Digital</td>
<td>Great Eastern Life</td>
<td>8.8 million</td>
<td>231,100</td>
</tr>
<tr>
<td>GrabPay</td>
<td>Grab</td>
<td>Undisclosed*</td>
<td>Over 163,000</td>
</tr>
<tr>
<td>Maybank</td>
<td></td>
<td>1.9 million**</td>
<td>Approx. 530,000</td>
</tr>
<tr>
<td>BigPay</td>
<td>AirAsia</td>
<td>1.4 million***</td>
<td>Approx. 800,000****</td>
</tr>
</tbody>
</table>

*Grab has chosen not to disclose user numbers and we are unable to find reliable data publicly.*

**Based on earlier press statement by Maybank, they have declined to share numbers of the user numbers.

***BigPay performs eKYC on all 1.4 million of its users.

****800,000 (approx.) are based on Visa/Mastercard payment acceptance points as BigPay leverages Visa/Mastercards merchant base.

Source: Directly from the e-wallet brands unless stated otherwise.
Bank Negara Malaysia to issue up to 5 digital banking licenses in 2022

On 31 December 2020, Bank Negara Malaysia (BNM) issued its Licensing Framework for Digital Banks and stated that it may issue up to five digital banking licenses. The licensing Framework seeks innovative business models to support Malaysia’s underserved and unserved market segments. To apply for a digital banking license, banks and new participants can submit their applications to BNM no later than 30 June 2021. The licenses will be granted by 1Q 2022.

### Digital Banks: Applications Criteria

1. **Commit to drive financial inclusion**
   Ensuring meaningful access and responsible usage of financial services for the underserved and unserved market segments

2. **Comply with regulations**
   A simplified regulatory requirements apply to digital banks during foundation phase. They must comply with Financial Services Act 2013 (FSA) or Islamic Financial Services Act 2013 (IFSA), as well as AML/CFT

3. **Demonstrate viability and sound operations**
   Maintain an asset threshold of no more than RM3 billion in the first 3-5 years during foundation phase

4. **Safeguard the integrity and stability of the financial system**
   Maintain a capital funds of RM100 million throughout foundation phase and achieve RM300 million, unimpaired by losses, by the end of 5th year of operation

5. **Strong value propositions**
   Demonstrate sound business plan in fulfilling financial inclusion through adoption of digital innovations and address cybersecurity and IT governance

Source: Bank Negara Malaysia, EY Malaysia
04 Digital Banking

BNM’s considerations in assessing applicants

1. **ROBUST RISK MANAGEMENT AND COMPLIANCE CAPABILITIES**
   Demonstrate a track record of operating in a regulated environment

2. **APPLICATION OF TRANSFORMATIVE TECHNOLOGY**
   In the development and delivery of financial services such as scalable and agile technology stack built on microservices architecture

3. **DEEP AND ROBUST CUSTOMER ANALYTICS**
   Utilised to improve and expand access to and responsible usage of financial services

4. **FINANCIAL STRENGTH**
   Ability to continuously serve as a source of financial strength to the proposed licensed digital bank

5. **Shariah expertise**
   The requisite Shariah expertise is required for proposed Islamic digital banks to effectively carry out Islamic digital banking business

Source: Bank Negara Malaysia, EY Malaysia
### Strong Interest from Industry Players for Malaysia’s digital banking license

Malaysia’s digital banking framework was released in Dec 2020. The regulator will issue up to 5 operational licenses, which will be granted by 1Q 2022. Bank Negara Malaysia (BNM) stated that more than 40 parties have formally expressed their interest and submitted online applications. The following are some of the applicants that have expressed interest publicly.

<table>
<thead>
<tr>
<th>Applicants</th>
<th>Industries</th>
<th>Competitive Characteristics</th>
</tr>
</thead>
</table>
| axiata     | Telco, Financial Services, E-wallet | • Rich consumer data on telecommunications and e-money transactions  
• Access to digital-first consumers  
• Rumoured to be in talks with a major financial institution to bid for a license |
| TNG Digital | Transport, E-wallet, Financial Services | • Rich consumer data on transportation and e-money transactions  
• Largest e-wallet service in Malaysia, backed by CIMB Group’s subsidiary, Touch n’ Go  
• Open to form consortium to bid for the digital banking license |
| Grab       | Ride-sharing, Food Delivery, E-wallet, Financial Services | • Strong super app ecosystem  
• Rich consumer data on consumer digital habits  
• Regional tech giant that serves 630 million users in Southeast Asia |
| bigpay     | Fintech, remittance, digital payments, financial services | • Rich consumer data on digital payments  
• Strategic neo-banking model with bank-like products such as e-payments, remittance, insurance and lending  
• One of the largest e-wallets by GTV and backed by AirAsia, the largest budget airline in Southeast Asia |
| SUNWAY     | Property, Retail, Leisure, Commercial, Investment, Trading & Manufacturing, Healthcare, Credit Reporting | • Owns 51% stake in Credit Bureau Malaysia (CBM)  
• Large conglomerate with a strong local ecosystem |
| MyMy       | Fintech, Digital Payments | • Strong links to the co-operative ecosystem  
• Backed by Koperasi Tentera, a co-operative providing credit services to its members  
• Positioning itself as the world’s first standalone digital Islamic bank |
| RAZER | Gaming, Digital Payments, Digital Entertainment | • Rich consumer data from Razer Gold, an independent virtual credits platforms for digital entertainment  
• Access to digital-first consumers and strong brand loyalty among Razer users |

Source: Trade Press
## Potential applicants

<table>
<thead>
<tr>
<th>Applicants</th>
<th>Industries</th>
<th>Competitive Characteristics</th>
</tr>
</thead>
</table>
| **MoneyLion** | Fintech, Digital Banking | • Data driven team  
• Leveraging its experience in the US as a full challenger bank with comprehensive offerings of financial services  
• MoneyLion is set to go public through a merger with SPAC Fusion Acquisition Corp, a US-listed financial services company |
| **PARAMOUNT** | Property and Investments | • Paramount’s CEO, Jeffrey Chew, has rich banking expertise and he is also founder of Fundaztic, a P2P financing platform in Malaysia. Prior to that, he was the CEO of OCBC Malaysia |
| **greenpacket** | Fintech, Communications and Data Centre, Smart Devices, Digital Payments | • Acquired eKYC specialist firm Xendity Pte Ltd  
• Helmed by experienced entrepreneur CC Puan |
| **funding societies** | Fintech Lending | • Southeast Asia’s largest P2P lending platform  
• Rich data on SMEs  
• Large access to underserved SMEs in Malaysia |
| **iFAST** | Financial Services | • Singapore’s premier financial advisor platform partners with Chinese digital bank, Yillion Bank  
• Rich financial resources and experience in the Chinese market |
| **CN** | Investment, Petroleum, Social Enterprise | • Partnering with social enterprise, Intcys Sdn Bhd, to invest RM400m on digital banking  
• Proposed MyWEW (Women Empowering Women) Digital Bank |
| **AMTD** | Digital Banking, Investment Banking, Capital Markets | • Holds digital bank license in Hong Kong  
• Experience in the financial services space |

*Source: Trade Press*
## Potential applicants

<table>
<thead>
<tr>
<th>Applicants</th>
<th>Industries</th>
<th>Competitive Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>PUC</td>
<td>Fintech, E-commerce, E-wallet, IT solutions, Financial Services</td>
<td>• Rich consumer data&lt;br&gt;• Operates Presto Wallet and PrestoMall backed e-commerce platform&lt;br&gt;• Expanded to offer micro-financing</td>
</tr>
<tr>
<td>TymeBank</td>
<td>Digital Banking</td>
<td>• South African digital bank backed by JG Summit, one of the biggest conglomerates in the Philippines&lt;br&gt;• Leveraging expertise on digital banking in South Africa, benefiting in consumer segmentation and marketing to financial inclusion</td>
</tr>
<tr>
<td>Government (Johor)</td>
<td></td>
<td>• Setting up a Digital Council to promote digital banking&lt;br&gt;• The creation of the State Economic Reform Committee (SERC) includes members from influential individuals and industry players</td>
</tr>
<tr>
<td>Government (Sarawak), E-Wallet</td>
<td></td>
<td>• Formed a consortium with Vision Group, an integrated business enabled by three main pillars – investments, consultancy, and private entities such as property management and e-commerce&lt;br&gt;• Differentiated digital financial services and unique alternative credit model for East Malaysians&lt;br&gt;• Access to the large population of unbanked and underserved in East Malaysia</td>
</tr>
<tr>
<td>The National Co-operative Movement of Malaysia</td>
<td></td>
<td>• Angkasa’s role as the driving force of the country’s cooperatives in the future&lt;br&gt;• In talks for strategic partnerships with conglomerates and major cooperatives</td>
</tr>
<tr>
<td>PERTAMA DIGITAL</td>
<td>Govtech, Fintech</td>
<td>• Provides payment solution the government via its subsidiary Dapat Vista&lt;br&gt;• Reportedly in advanced talks to form a digital banking consortium</td>
</tr>
</tbody>
</table>

Source: Trade Press
Digital Capital Market

Capital Markets: Significant acceleration in adoption across digital platforms

175k
New digital investment management (DIM) accounts opened in 2020, more than 8x the number of accounts opened in 2019

>450k
Digital asset exchange (DAX) accounts opened to date across the three platforms

249%
Growth in new trading accounts opened y-o-y in 2020 via online-only broker

Source: Securities Commission Malaysia
WealthTech: Robo-advisors seeing growth in prosperity

WealthTech combines wealth and technology to enhance asset and wealth management. Among the popular solutions in this space are robo-advisors, an automated service that utilises machine learning and algorithms to evaluate risk tolerance and manage assets. WealthTech companies digitizes investment management processes as well as offer innovative digital tools and transparent fee structures to help consumers better manage their assets.

Robo-advisors in Malaysia

MyTHEO is a joint venture between THEO, the first robo-advisory service in Japan, and Silverlake, operated by GAX MD. It is a digital investment management service tool and licensed by the Securities Commission Malaysia. MyTHEO deploys artificial intelligence to track the risk base of its investments.

StashAway is a Singapore-based digital wealth manager for accredited retail investors. StashAway was the first to be licensed in Malaysia in late 2018. It uses proprietary investment strategy and makes use of macroeconomic data.

Wahed Invest, expanded to Southeast Asia, with a regional base in Malaysia, and became the country’s first Islamic digital investment platform. It allows investors access to a Shariah compliant portfolio that is transparent and affordable.

Akru, Malaysian’s first homegrown robo-advisory platform, utilises proprietary algorithms to analyse the investors’ profile, preferences, and financial goals to generate personalised investment plans.

Source: Securities Commission Malaysia
Equity Crowdfunding: Flourishing sector supported by the government

Equity Crowdfunding (ECF) is a form of fundraising that allows start-ups or other smaller enterprises to obtain capital through small equity investments using online platforms registered with the Securities Commission Malaysia (SC) to publicise and facilitate such offers to a crowd of investors. To date, 10 ECF platforms have been registered. Malaysian ECF platforms have seen significant growth in line with the government’s call for financial services providers to embrace technology to develop a more inclusive, innovative and efficient capital market. The government has doubled down on its investment through MyCIF* by allocating another RM80 million and increased fundraising limits to RM10 million from the previous limit of RM5 million.

Since 2016, ECF platforms has fundraised RM199 million benefiting 150 issuers through 159 campaigns. Campaign size in 2020 has shifted towards larger fundraising amounts, with 84% of campaigns raised beyond RM500,000 mark.

**Number of issuers and successful campaigns**

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of issuers</td>
<td>78</td>
<td>28</td>
</tr>
<tr>
<td>Number of campaigns</td>
<td>80</td>
<td>28</td>
</tr>
</tbody>
</table>

**Capital raised in RM millions**

- **Cumulative**
  - 2019: 71.5
  - 2020: 199.2

- **Per Year**
  - 2019: 22.9
  - 2020: 127.7

**Distribution of fundraising amount**

- **RM500,000 and below**
  - 2020: 10%
  - 2019: 25%
- **>RM500,000 - RM1,500,000**
  - 2020: 18%
  - 2019: 35%
- **>RM1,500,000 - RM3,000,000**
  - 2020: 25%
  - 2019: 39%
- **>RM3,000,000**
  - 2020: 16%
  - 2019: 57%

Note: MyCIF is a matching grant managed by the SC that invests into companies hosted on the equity crowdfunding and the P2P platforms regulated by the SC.

Source: Securities Commission Malaysia, Capital Markets Malaysia
MALAYSIA’S LARGEST FUNDING PLATFORM
for SMEs and startups is just getting started!

- **2016**: pitchIN raised RM2 million from 4 deals.
- **2017**: that figure jumped to RM14 million and 12 deals.
- **2018**: Malaysia’s first RM5 million ECF deal is funded.
- **2019**: We did 19 deals and raised RM22 million.
- **2020**: Amidst the pandemic, we raised RM59.5 million from 36 deals.

In just January, February & March 2021, pitchIN has completed 20 deals that raised RM26 million.

A selection of the many well known Malaysian SMEs and startups that have been funded on pitchIN.

ECF industry records
- First ECF platform to raise more than RM100 million
- First ECF platform to host more than 100 deals
- Largest network of investors
- Largest ECF deal (RM5.28 million)
- Most backed deal (485 investors)

pitchIN Secondary Market and other new services coming soon. If you are looking to raise funds quickly and efficiently, talk to pitchIN.
<table>
<thead>
<tr>
<th>Platform</th>
<th>Operator</th>
<th>Launched</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>FundedByMe</td>
<td>FBM Crowtech Sdn Bhd</td>
<td>2019</td>
<td>Sweden</td>
</tr>
<tr>
<td>pitchIN</td>
<td>Pitch Platforms Sdn Bhd</td>
<td>2012</td>
<td>Malaysia</td>
</tr>
<tr>
<td>mystartr</td>
<td>MyStartr Sdn Bhd</td>
<td>2012</td>
<td>Malaysia</td>
</tr>
<tr>
<td>ETHIS</td>
<td>Ethis Ventures Sdn Bhd</td>
<td>2015</td>
<td>Malaysia</td>
</tr>
<tr>
<td>Fundnel</td>
<td>Fundnel Technologies Sdn Bhd</td>
<td>Nov 2018</td>
<td>Singapore</td>
</tr>
<tr>
<td>Ata Plus</td>
<td>Ata Plus Sdn Bhd</td>
<td>2016</td>
<td>Malaysia</td>
</tr>
<tr>
<td>LEET Capital</td>
<td>Leet Capital Sdn Bhd</td>
<td>May 2019</td>
<td>Malaysia</td>
</tr>
<tr>
<td>Crowdo</td>
<td>Crowdo Malaysia Sdn Bhd</td>
<td>2017</td>
<td>Malaysia</td>
</tr>
<tr>
<td>Eureeca</td>
<td>Eureeca SEA Sdn Bhd</td>
<td>2017</td>
<td>Singapore</td>
</tr>
<tr>
<td>Crowdplus</td>
<td>Crowdplus Sdn Bhd</td>
<td>2016</td>
<td>Malaysia</td>
</tr>
</tbody>
</table>

Note: ‘Country’ refers to the headquarter base. ‘Launched’ refers to entry into the Malaysian market.
Digital Capital Market

P2P Financing: Continued growth despite the slowdown in economic activities

P2P Financing is a form of digital innovation that broadens the ability of businesses to obtain financing from a pool of investors via an online platform. Like a loan, P2P financing investors provide capital in return for interest payments and repayment of the capital. The SC regulates P2P financing platform operators by registering them as Recognised Market Operators.

Since 2017, P2P financing has raised a total of RM1.14 billion. It has provided financing to 2,801 issuers through 15,862 successful campaigns. In 2020, a majority (77%) of the campaigns involved shorter-term financing, with tenures of 3 months or less. Capital raised from successful campaigns in 2020 was mainly for working capital.

### Number of issuers and successful campaigns

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of issuers</td>
<td>1,375</td>
<td>1,415</td>
</tr>
<tr>
<td>Number of campaigns</td>
<td>7,760</td>
<td>5,583</td>
</tr>
</tbody>
</table>

### Capital raised in RM millions

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>RM millions</td>
<td>632.4</td>
<td>1,135.7</td>
</tr>
<tr>
<td>Cumulative Per Year</td>
<td>418.6</td>
<td>503.3</td>
</tr>
</tbody>
</table>

### Distribution of fundraising amount

- RM500,000 and below: 74% (2020: 72%)
- >RM500,000-RM1,500,000: 21% (2020: 20%)
- >RM1,500,000-RM3,000,000: 5% (2020: 8%)
- >RM3,000,000: 8% (2020: 8%)

Source: Securities Commission Malaysia, Capital Markets Malaysia
Accelerating the growth of Malaysian SMEs

CapBay helps to bridge SMEs with investors through our innovative platform to make financing widely accessible.

Registered with Securities Commission Malaysia

THE ASIAN BANKER
The Best FinTech Platform for Supply Chain Finance in Asia Pacific

THE ASSET
Finance Disruptor of the Year

THE ASIAN BANKER
The Best Financial Supply Chain Management in Malaysia

Tap into the world of joy

Experience the world of Joy to find exclusive deals* and discounts, eWallet convenience and Bill Payments for your needs!

To get a customised solution for your business needs, speak to our Funding Specialist at 018 282 8224
To invest in our Peer-to-Peer financing (P2P) platform, speak to our Investment Specialist at 018 777 7000

capbay.com

Get the app now!

* Deals are currently available for Perspective Lane (M) Sdn Bhd Group of Companies, DRB-Hicom Group and MMC Group of Companies use only.
<table>
<thead>
<tr>
<th>Company Name</th>
<th>Launch Date</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>FBM Crowdtech Sdn Bhd</td>
<td>Oct 2019</td>
<td>Malaysia</td>
</tr>
<tr>
<td>B2B Finpal Sdn Bhd</td>
<td>Jul 2017</td>
<td>Malaysia</td>
</tr>
<tr>
<td>Bay Smart Capital Ventures Sdn Bhd</td>
<td>Mar 2020</td>
<td>Malaysia</td>
</tr>
<tr>
<td>CapSphere Services Sdn Bhd</td>
<td>2020</td>
<td>Malaysia</td>
</tr>
<tr>
<td>Crowd Sense Sdn Bhd</td>
<td>Jul 2020</td>
<td>Malaysia</td>
</tr>
<tr>
<td>MicroLEAP PLT</td>
<td>2018</td>
<td>Malaysia</td>
</tr>
<tr>
<td>Modalku Ventures Sdn Bhd</td>
<td>Feb 2015</td>
<td>Singapore</td>
</tr>
<tr>
<td>People lender Sdn Bhd</td>
<td>Jul 2020</td>
<td>Malaysia</td>
</tr>
<tr>
<td>QuicKash Malaysia Sdn Bhd</td>
<td>Oct 2017</td>
<td>Malaysia</td>
</tr>
<tr>
<td>MoneySave (M) Sdn Bhd</td>
<td>May 2020</td>
<td>Malaysia</td>
</tr>
<tr>
<td>Ethis Kapital Sdn Bhd</td>
<td>Oct 2017</td>
<td>Malaysia</td>
</tr>
</tbody>
</table>

Note: 'Country' refers to the headquarter base. 'Launched' refers to entry into the Malaysian market.
Digital Capital Market

Development of the Digital Capital Market

- SC releases new guidelines to facilitate equity crowdfunding
- SC introduces regulatory framework to facilitate digital investment management services
- SC introduces regulatory framework to facilitate P2P financing
- SC increases equity crowdfunding fundraising limit to RM10 million
- SC increases equity crowdfunding fundraising limit to RM10 million
- MyCIF* increases its funding matching ratio from 1:4 to 1:2 for ECF and P2P
- Regulated crowdfunding markets surpassed RM1 billion fund raised
- MTDC* co-invest in P2P and ECF campaigns with pitchIN and MicroLEAP
- E-service platforms to distribute capital market products like unit trust
- Versa is launched in partnership with Affin Hwang Asset Management
- MyCIF refers to Malaysia Co-Investment Fund. MTDC refers to Malaysian Technology Development Corporation. PNB refers to Permodalan Nasional Berhad.

Note: MyCIF refers to Malaysia Co-Investment Fund. MTDC refers to Malaysian Technology Development Corporation. PNB refers to Permodalan Nasional Berhad.
Buy Now, Pay Later (BNPL) service reinvents consumer’s affordability by splitting the retail product value into equal instalments and repayment is spread over a short-term monthly period without any interest or processing fees. This concept helps retail merchants to improve conversion rates, increase repeat purchases and customer loyalty, as well as grow basket size.

For example, instead of paying a lump sum RM1,000 for an electronic device today, shoppers can purchase using a BNPL platform for RM250 every month over the next four months, at no extra cost — late fees apply if users fail to pay on time.

While this method is popular among merchants and some consumers, it has raised eyebrows among regulators in other regions for promoting “unhealthy debt”.

Major players in Malaysia like Grab, Mastercard, Razer, Shopee, and more, have shown growing interest in offering the BNPL payment solution.

**Buy Now Pay Later Players in Malaysia**

<table>
<thead>
<tr>
<th>Hoolah</th>
<th>Split</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hoolah is a fintech based in Singapore, founded in 2018. It allows retailers to offer their customers 3 equal instalments over 3 months with 0% interest. Hoolah entered Malaysia in March 2020, following its successful Series A fund raise. Transaction volumes on Hoolah platform grew by over 1500% in 2020, covering Singapore, Malaysia, and Hong Kong. Hoolah has been actively raising for its Series B round for further expansion in the region.</td>
<td>Started as a Malaysian BNPL solution for flight bookings prior to the pandemic, Split shifted to expand partnerships in the e-commerce space. Now it enables merchants to offer up to 3 interest-free instalments to their customers with debit/credit cards. Since April 2020, Split has signed on more than 250 Malaysian brands and has processed more than RM10 million in transactions in Malaysia.</td>
</tr>
</tbody>
</table>

*Source: Trade Press*
Malaysia speeds up pace of regulatory framework updates to drive digital finance

**Key Regulations in 2020**

- **25 Feb 2020**
  - **Regulatory**
  
  Bursa Malaysia established a wholly-owned subsidiary, Bursa RegSub, to assume the regulatory functions currently undertaken by Bursa Malaysia. The establishment aligns Malaysia’s stock market regulatory framework with those in Singapore and Japan.

- **30 Jun 2020**
  - **e-KYC**
  
  Bank Negara Malaysia issued a policy framework on e-KYC that enables the digital on-boarding of customers in the offerings of digital financial services for all financial institutions including banks, insurers, remittance and money exchange providers.

- **13 Nov 2020**
  - **Lending**
  
  The Ministry of Housing and Local Government issued licenses for 8 new online moneylenders, on top of the 4,572 traditional operators. They include GHL Payments, BigPay, and Axiata Digital.

- **5 May 2020**
  - **Capital Markets**
  
  Securities Commission announced to facilitate the distribution of capital market products such as unit trusts, through e-Service platforms like e-wallet or e-payment service providers.

- **28 Oct 2020**
  - **Digital Assets**
  
  Securities Commission revised Guidelines on Digital Assets, which outline the framework for raising funds via digital token offerings. The guideline requires all offerings of digital tokens to be through a registered platform operator.

- **31 Dec 2020**
  - **Digital Banking**
  
  Bank Negara Malaysia issued the Framework for Digital Banks. It may issue up to 5 licenses and that applications to be submitted to BNM by 30 Jun 2021. Grant of licenses will be announced in 1Q2022.

Source: Trade Press
Key Industry Developments in 2020/2021

Evolving payments landscape continues to bring convenience and financial services to consumers

DuitNow QR is now widely available in Malaysia

DuitNow QR is now widely available in Malaysia. With 48 banks and e-wallet operators, consumers can make payments to mobile numbers, NRIC numbers or business registration numbers by scanning the DuitNow QR code on their smartphone. Payment instantly goes from customer’s bank account or e-wallets directly into merchant’s bank account.

DuitNow QR was established under Bank Malaysia’s Interoperable Credit Transfer Framework (ICTF) and PayNet was mandated to implement the interoperable common QR standard for Malaysia.

Great Eastern acquires a stake in Axiata Digital, the largest fintech funding in 2020

Following the acquisition of a stake in Axiata Digital at US$70 million, Axiata Digital’s e-wallet Boost and its financing platform Aspirasi launched a microinsurance plan, “Aspirasi Protect”, which provides affordable, accessible, and on-demand protection to Malaysians.

Aspirasi leverages big data, artificial intelligence, and behavioural economics, to assess customers’ eligibility. This collaboration is part of Axiata Digital’s vision to narrow the financial inclusion gap in Malaysia by offering bite-sized insurance and takaful.

Merchantrade acquires Valyou from Telenor Group

In line with the company’s aspiration to become a regional player, Merchantrade, a digital money services business operator and e-money issuer, has acquired a 100% stake in Valyou, which is a cross-border digital remittance service provider and e-money issuer in Malaysia. The acquisition will consolidate and significantly bump-up Merchantrade’s share of Malaysia’s large migrant-worker customer base, who are major users of the cross-border remittance services. Merchantrade has been working with AXA and MCIS to offer affordable micro-insurance products.

Source: Desk Research, Trade Press
Online trading and investing hit industry milestones amid the COVID-19

Regulated crowdfunding markets raised RM1 billion
In 2020, more than 2,500 MSMEs have raised more than RM1 billion through the regulated crowdfunding markets of the Malaysian capital market. COVID-19 has stimulated an increase in individual investor participation in the market via digital investment managers (DIMs), ECF and P2P financing platforms, digital asset exchanges (DAXs) and online brokers. Over 80% of the investors in the crowdfunding markets are retail investors, with 60% of them under the age of 35 years old, according to the Securities Commission.

Luno Claims Crypto Exchange Top Spot in Malaysia with RM 800 Million in Transactions in 2020
Luno, the first cryptocurrency exchange to receive approval from the Securities Commission Malaysia, had processed over RM800 million worth of transactions within one year of operation. Luno has more than 180,000 users and over 90% of the local regulated digital asset exchange market share. Luno stores more than RM 165 million on behalf of its customers across four approved cryptocurrencies — Bitcoin (BTC), Ethereum (ETH), Ripple (XRP) and Litecoin (LTC). Luno is looking to roll out a digital asset savings feature, which is currently undergoing regulatory review.

Hong Leong Bank introduces a fully digital onboarding experience after eKYC guideline released
Following the publication of Bank Negara Malaysia’s (BNM) guideline on eKYC, Hong Leong Bank and Hong Leong Islamic Bank (HLB) was the first to introduce a fully digital onboarding process via its HLB mobile app. It allows new customers to open bank accounts remotely with their MyKad, and their debit cards will be delivered to their registered addresses in Malaysia.

Note: MSMEs refers to micro, small and medium enterprises
Source: Trade Press
If we’ve missed you out on our fintech map or if you’d like to speak to us for media enquiries/advertising kindly reach out to: vincent.fong@fintechnews.my