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Bank Negara Malaysia
• An Alternative to Fixed Deposits

Securities Commission Malaysia
• Investor Guide to Real Estate
Investment Trusts (REITs)

Datuk Syed Zaid Albar
Executive Chairman
Securities Commission Malaysia

Driving the Capital Market Forward During Challenging Times



Best Islamic Wealth Management
Qualification 2018/19/20
Championship Award (Advocacy) 2019
Best Islamic Finance Qualification 2016
Best Islamic Finance Education Provider 2015



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Honourable Commendation for
Financial Planning Awareness Programs
Wen Hui Award for Educational Innovation 2014





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One of the aims of Malaysia's New Economic Roadmap is to increase the pool of well-trained and educated human capital in the nation and to address the critical need for qualified Financial Planners to position Malaysia as the regional hub for Banking and Finance.

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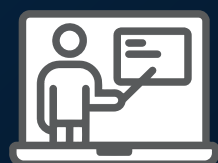
Day 1	RFP Module 1 Fundamentals of Financial Planning
Day 2	RFP Module 2 Risk Management, Insurance & Zakat Planning
Day 3	RFP Module 3 Investment Planning
Day 4	RFP Module 4 Tax Planning
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- ✓ Membership of MIA, MICPA, CPA (Aust.), ACCA, Bar Council, ICOSA, MAICSA, CIMA or
- ✓ Relevant PhD, Masters or Bachelor's degree

ASSESSMENTS :

Project paper on Financial Plan & 100 Questions (MCQ)



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Dear MFPC Members

First of all, I would like to congratulate the new MFPC office bearers who were unanimously elected for the 2021 - 2023 term at the Council's 17th Annual General Meeting (AGM). This year also marks the 17th anniversary for MFPC, a truly exceptional journey of achievements. I am confident that with its very capable leadership and staff, and with a steady growth of qualified financial planners, MFPC will continue to innovate and provide game-changing initiatives for financial literacy education.

In this issue, we are very delighted to feature an exclusive interview with Datuk Syed Zaid Albar, the Executive Chairman of Securities Commission Malaysia, who shares with us how SC is driving the capital market forward during these challenging times. In addition, we are also fortunate enough to have UOB Kay Hian's CEO, Alvin Tan, who informs us of the company, the story behind its new investment platform, and his views on the financial planning industry in Malaysia in a special interview.

Apart from that, this issue also includes articles such as 'Money to Make New Money = Portfolio Management', 'My MDRT Journey Through Licensed Financial Advisory', 'Insurance and the Covid-19 Pandemic' and more.

As usual, we welcome your feedback to help us improve.
Enjoy this issue.

Prof. Dr Mohamad Fazli Sabri
Editor-in-Chief
Financial 1st Vol.2 / 2021



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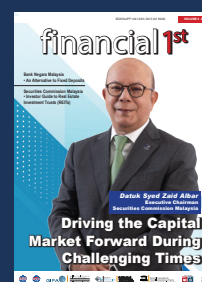
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On The Cover



Datuk Syed Zaid Albar

Executive Chairman
Securities Commission
Malaysia

Driving the Capital Market Forward During Challenging Times

From an overall perspective, how does Securities Commission Malaysia (SC) perceive current conditions in the Malaysian capital market?

Given the current challenging economic environment, it will undoubtedly be an uneven path to recovery. Despite continued market uncertainty, the Malaysian capital market is expected to remain resilient and orderly, underpinned by firm macroeconomic fundamentals, ample domestic liquidity, robust market infrastructure and a supportive policy environment.

The path forward will be shaped by a number of emerging secular trends. In fact, we note several positive developments within the capital market. These include:

- Increasing demand for market-based fundraising from MSMEs and Mid-Tier Companies, as well as improved opportunities to undertake corporate exercises as the economy recovers;
- Greater industry digitisation with growth in digital offerings such as equity crowdfunding, peer-to-peer financing and digital investment management services;
- Search for yield fuelling demand for diversification and breadth in investment products and services,

even during the depths of the pandemic; and

- Increased focus on ESG, particularly managing climate risks and ensuring corporate sustainability.

Globally, stock markets saw a resurgence in retail participation and Malaysia was no exception. For the year 2020, retail investors constituted 32.4% of the total value traded, which was significantly higher than previous years. Increased retail interest was not limited to the stock market. There has also been a marked take-up of digital product offerings and services as digital tools increase investors' access to the capital market. Given these developments, there is a corresponding need to enhance overall investment and digital literacy.

Currently, there is a great need for a green ecosystem for a more sustainable and feasible future. How can the SC and related Government agencies undertake cross-agency collaboration and joint events to support the nation's sustainability agenda and also enhance its awareness?

As there is a greater calling at the global level for more individuals, corporations and countries to transition towards more sustainable practices and a green, or greener,

economy, the sustainability agenda is clearly an important one, not only for the capital market, but also for the nation.

As you know, since 2014, the SC has introduced several initiatives to develop a facilitative and vibrant Sustainable and Responsible Investment (SRI) ecosystem for Malaysia. These culminated in the SRI Roadmap for the Malaysian Capital Market in 2019, which identified 20 key recommendations to expand the breadth and vibrancy of this ecosystem, providing the much-needed momentum for our aspirations to be a regional SRI centre.

However, while regulators may put in place the necessary building blocks and regulatory frameworks, the success of the SRI agenda relies heavily on coordinated efforts with relevant stakeholders, including the Government, capital market intermediaries, investors, corporates and civil society organisations. Thus, a Whole-of-Nation approach will ensure collective commitment, action, and thus accountability, towards achieving the country's sustainability goals.

Within the financial sector, the establishment of the Joint Committee on Climate Change (JC3) co-chaired by both the SC and Bank Negara Malaysia, is an example of





how regulators and the industry can together, pursue collaborative actions to build greater climate resilience within the Malaysian financial sector. The other members of JC3 are Bursa Malaysia and 19 industry players from the capital market, banking and insurance sectors.

In addition, the SC also recently launched NaviGate: Capital Market Green Financing Series, a programme to create greater awareness of SRI financing and to connect green projects and companies with market intermediaries. We also onboarded key government agencies that were keen to support and promote the NaviGate programme to their respective industries.

The SC always welcomes collaboration with stakeholders towards accelerating the SRI agenda in the capital market, because we believe that better results are achieved by the agency of partnerships and collective responsibility.

Malaysia is the region's Islamic finance leader. The focus to increase penetration is through the ESG front. In this respect what are some of the ESG developments today?

With the increased focus on the way businesses are run and how they impact the economy, environment, society and stakeholders at large, it has become imperative for companies to generate long-term benefits to support business continuity. Correspondingly, with the responsible investing agenda, investors are now motivated to invest in companies that go beyond “doing no harm” to “doing good”. Studies have shown

that companies that have policies to address ESG risks are less exposed to climate risks, issues of non-compliance with laws, poor governance and socio-economic issues. There is therefore an advantage to issuers and investors in adopting ESG principles.

Discussions on ESG tend to focus on the “E” and “S” factors, but we have to understand that the “G”, or good Governance, underpins environmental stewardship and social responsibility.

Board leadership and oversight must extend to ESG risks and opportunities, as these issues become increasingly material to the ability of companies to create durable and sustainable value and uphold stakeholders' confidence. The recent revision of the Malaysian Code on Corporate Governance (MCCG) emphasises that boards need to take a more holistic view of the business coupled with proactive and effective measures to anticipate and address material ESG risks and opportunities.

The alignment of ESG criteria with the values and principles of Islamic finance is central to the SC's initiatives towards enhancing Malaysia's ICM leadership. At the product level, the SC has already provided frameworks to assist issuers and asset managers to undertake SRI actions including the SRI Sukuk Framework, Guidelines on SRI Funds and Waqf-Featured Fund Framework. The Waqf-Featured Fund Framework has also spurred strong interest from several Islamic fund management companies. Since the inception of the frameworks, there has been an increasing number of waqf-featured funds, Islamic ESG-i funds and SRI sukuk offerings,

allowing for diverse ESG-related product segments. This bodes well for both Islamic finance and the ESG agenda in the country.

The SC has expanded its Green SRI Sukuk Grant Scheme and renamed it as SRI Sukuk and Bond Grant Scheme. How does this expansion positively contribute to the sustainable development goals and the climate change agenda?

As we are now in what the UN terms ‘The Decade of Action’, we are seeing multifold efforts towards achieving the sustainable development goals (SDGs) and climate targets, particularly as the pandemic has given us a glimpse of the severe implications of inaction or lack of preparedness for a crisis of similar or worse proportions. The pandemic has led to greater realisation of the importance of ESG concerns and the urgency of achieving the SDGs.

From the capital market perspective, it is also vital for more climate-aligned financing to be mobilised through the market to help close some of the funding gaps.

The expansion of the Green SRI Sukuk Grant Scheme to SRI Sukuk and Bond Grant Scheme will enable more companies that issue green, social and sustainability sukuk as well as bonds under the SC's framework to defray a portion of the external review costs for such issuances.

As at 2020, about 93% of SRI sukuk and bonds raised in Malaysia were for the financing of green projects such as renewable energy, with the remaining 7% for projects aligned

with social and sustainability objectives. We hope this expansion will encourage a more diversified range of issuers from various industries to tap into the SRI sukuk and bond market, including for SDG and climate-aligned projects.

This in turn will accelerate the development of SRI sukuk and bonds as an asset class, encourage fund managers to introduce funds that invest in such instruments, and ultimately provide wider investment options for Malaysians.

SRI Sukuk and Bond Grant Scheme

■ In January 2021, the SC expanded the scope of the Green SRI Sukuk Grant Scheme which was established in 2018, to include all sukuk issued under the SRI Sukuk Framework, as well as bonds issued under the ASEAN Green, Social and Sustainability Bond Standards.

■ The grant scheme is now known as the SRI Sukuk and Bond Grant Scheme and income tax exemptions are provided to the recipients of the grant scheme until 2025.

■ Under the grant scheme, issuers are able to claim 90% of the actual external review cost, up to a maximum amount of RM300,000.

A few years ago, the SC launched the digital Equity Crowdfunding (ECF) platform to provide early-stage financing for start-ups and entrepreneurs alike. How has this effort helped companies to fund their green projects and businesses?

ECF platforms have provided another alternative financing avenue for green businesses to raise early stage financing. In this regard, various green businesses, especially those in the renewable energy and waste management sectors, have successfully raised amounts ranging from RM300,000 to close to three million ringgit on ECF platforms. They have attracted ECF investors who are interested in campaigns with the sustainability theme. We have seen these green projects/campaigns attract the participation of a wide spectrum of ECF investors, such as retail, angel and sophisticated investors. While 60% of investors are retail investors, sophisticated investors (high net worth individuals,

entities and institutions) represent the bulk of the investment amount. In terms of demography, most individual investors are aged below 45 years old.

Besides providing access to financing, other benefits of ECF for green businesses include providing a platform to establish relationships with new investors and receive business validation and legitimacy from the “crowd”. ECF also serves as a platform for businesses to convey and raise awareness of “green” matters which include the potential of bio-gas as a source of renewable energy and food waste management solutions.

These businesses continue to grow after successfully raising funds on ECF, with one green issuer even offering a buyback option as well as annual dividends to its investors.

What specific measures is the SC taking to establish its mission to promote and maintain fair, efficient, secure and transparent securities and derivatives markets, and facilitate the orderly development of an innovative and competitive capital market?

The SC’s dual mandate puts us in a strong position to not only facilitate market development but also formulate and enforce fit-for-purpose regulations. Ultimately, the aim is to build a triple-A capital market, one that is accessible, agile and accountable (AAA).

Given the challenging operating environment, the immediate priority is continuing policy support to ensure the capital market remains resilient and orderly. This includes extending relief measures to facilitate business and market continuity, such as fee waivers and flexibilities on corporate obligations, allowing the capital market to perform its fundamental role as an avenue for fundraising and mobilisation of savings.

This year, our regulatory efforts centre on maintaining market integrity and promoting investor empowerment, particularly among vulnerable investors. We remain vigilant against market misconduct and unlicensed activities, especially through digital and social media. Another area of focus is the quality of corporate disclosures and conduct requirements to facilitate investors in

making informed decisions.

In terms of our development thrust, the SC will continue to broaden the capital market’s digital embrace, which accelerated during the pandemic. This includes enabling more innovative intermediation within the capital market to better cater to investor needs. We will also continue to facilitate fundraising opportunities for MSMEs and Mid-Tier Companies, as these businesses will be crucial for a sustainable recovery. Another priority area is the growth of Sustainable and Responsible Investment (SRI) including the development of an SRI taxonomy, as well as Islamic products and services.

What are some of the popular scams being perpetrated and what can the public do to avoid getting scammed especially during times like these?

Greater public awareness of scams being perpetrated and their common characteristics is the best protection against these unscrupulous schemes. Based on the complaints we have received, so far there are two popular scams that the public should be aware of.

The first scam is the “Too good to be true scheme” which entices the public with huge returns within a short period of time, all for a small investment sum. For example, with an investment of just RM300, investors are promised high returns of up to 10 times their investment amount within a short span of time, sometimes within 24 hours. However, the victim will be told to make miscellaneous payments purportedly to cover certain fees imposed by authorities such as SC, BNM and LHDN before they can withdraw their investment and profits. To further entice investors, fake documents purportedly issued by the SC and BNM are used. Unfortunately, once these payments are made, the scammers will no longer be contactable.

The second type of scam is the “Clone firm” where scammers pose as representatives of legitimate companies using lookalike company names and logos. Normally, this kind of scheme also promises high returns with no risk. Some features include:

1. Logos that seem legitimate but differ slightly from the original
2. Website addresses that may be similar but are not the same as the legitimate entity’s

3. Use of personal (Gmail/Yahoo) email addresses as the official company email account

4. Payments for investments to be made to individual accounts

5. The investment package offered is not available on the entity's official website

Usually, these scams are promoted or offered through social media platforms such as WhatsApp, Telegram and Facebook. The SC urges the public to beware of these scammers' modus operandi and check the SC's public register and alert list to ensure that the entity in question is licensed.

The following steps should be practised to avoid falling prey to scams:

- Be cautious of the investments offered via social media platforms.
- Never deposit your money into personal bank accounts.
- Payments should only be made to an official bank account of a company approved by the authorities.
- Check the SC's investor alert list before investing.
- Always deal with the authorised company or individual.
- Check PDRM's "Semak Mule" portal which lists the banking information and telephone numbers against which police reports have been lodged for possible scams to verify the bank account and telephone numbers given.
- If still in doubt, contact the SC at aduan@seccom.com.my or 03-62048999.

The SC recently expanded the scope of financial planners to enable them to advise on stock investments. What is SC's long-term expectation from such a move?

As announced in October 2020, the scope for financial planners has been expanded to include listed securities. This covers equities, debentures and warrants listed on Bursa Malaysia, as well as unlisted debt securities which include unlisted corporate bonds and sukuk.

It is important to note that there are certain pre-requisites that financial planners must meet prior to providing specific advice for the aforesaid products to their

clients. First, is the need to carry out suitability assessments on their clients prior to providing the advice. Second, is meeting the relevant competency requirements for listed securities and unlisted debt securities.

■ For listed securities, financial planners would need to pass Module 7: Financial Statement Analysis and Asset Valuation of the SC's licensing examination; and

■ For unlisted debt securities, financial planners would need to obtain the Investor Protection Professional Certification (IPPC) jointly awarded by the Financial Markets Association of Malaysia (FMAM) and the Asian Institute of Chartered Bankers (AICB).

The expansion of the advisory scope enhances the breadth and depth of the investment advice a client can expect from their planner. Therefore, firms can now provide more diverse and targeted investment advice to their clientele while catering to growing investor

risk appetite for capital market products that can complement their investment portfolio.

In the long run, this engenders growth of the financial planning industry as more investors would engage their services. The pre-requisites are in place to ensure that clients are indeed receiving the most suitable advice based on their financial circumstances.

Licensed financial planners are expected to maintain a high level of professionalism when interacting with their clients, which includes acting honestly, with integrity and being transparent with their clients. With the release of the new Code of Ethics and Best Practices for Licensed Financial Planners, a harmonisation document of governance across all financial planning associations, we hope that all financial planners would adopt and practise the principles encapsulated therein when interacting with their clients as well as in carrying out their day-to-day operations.





How to get Full PIDM Protection When your Bank Deposits Exceed RM250,000

As a financial planner, you are responsible for giving expert advice to your clients to help them reach their financial goals. This includes setting goals for saving, and implementing strategies for accumulating wealth.

Diversification is an important risk management strategy that is not limited to investments; it is also an important consideration for how and where your clients save their money in order to maximise the protection provided by Perbadanan Insurans Deposit Malaysia (PIDM) for their bank deposits.

Who is PIDM?

PIDM is the government authority that protects your deposits up to RM250,000 per depositor per member bank in the event a PIDM member bank goes bankrupt.

This protection, provided under the Deposit Insurance System (DIS), is automatic and provided at no cost when you save your money with PIDM member banks. PIDM member banks are all licensed conventional and Islamic commercial banks in Malaysia.

A similar protection of up to RM500,000 for eligible takaful or insurance benefits is provided to takaful certificate and insurance policy owners under the Takaful and Insurance Benefits Protection System (TIPS).

Diversifying savings

Under the DIS, the RM250,000 protection limit protects up to 96% of depositors in full. This limit is reviewed regularly to ensure that it remains adequate for the majority of depositors who save their money with PIDM member banks.

The RM250,000 protection limit is an important consideration for your high net worth clients who have bank deposits exceeding this amount.

Having said that, there are other ways to get the most out of PIDM protection should your clients have deposits in excess of RM250,000.

Diversification of deposits within the same bank or with different PIDM member banks can serve a general rule of thumb. In this article, we teach you how you can help your clients to maximise PIDM's protection.

1. Split your deposits across conventional and Islamic accounts, and across deposit account types

As PIDM separately protects conventional and Islamic deposit accounts, you may want to

consider to open multiple deposit accounts in a member bank with Islamic banking operations. And within the same member bank, you may spread your money in different deposit account types.

This table illustrates how a depositor, Ali, can be separately protected by PIDM. And best of all, in this illustration, Ali enjoyed PIDM's protection of more than RM250,000!

2. Save in multiple PIDM member banks

As at 30 June 2021, PIDM's member banks comprise 42 licensed conventional and Islamic banks. Technically, you have 42 options for where you can place your deposits. You can place deposits of up to RM250,000 in each bank to ensure your deposits are protected.

Ali's deposit accounts with Bank ABC			
Deposit account type	Account owner / entity	Amount (RM) in deposit account	Amount (RM) protected by PIDM (up to RM250,000)
Individual account (conventional)	Ali	300,000	250,000
Individual account (Islamic)	Ali	250,000	250,000
Joint deposit account (conventional)	Ali and wife	250,000	250,000
	Ali and son	10,000	10,000
	Ali, wife and son	40,000	40,000
Sole proprietorship account (conventional)	Ali Trading	250,000	250,000
Partnership account (conventional)	Ali and partner	50,000	50,000
Company account (conventional)	Syarikat Ali Sdn. Bhd.	500,000	250,000
Total deposits		1,650,000	
Total deposits protected by PIDM			1,350,000

Other things to consider

There are products or deposits that are not protected by PIDM, which are generally investment-related. The full list of products that are protected and not protected by PIDM is available at www.pidm.gov.my/coverageDIS. PIDM's member banks are obligated by law to disclose to their customers if a deposit

product is protected or not protected by PIDM. You can find out if a deposit product offered by your bank is eligible for PIDM protection by checking, amongst others, the product advertisement, brochure or the list of insured deposits prepared by the member bank.

And if you're still unsure, you can always check with your bank

officer. Additionally, you can reach PIDM should you have any concerns or wish to have more information about what we do and the protection systems we administer. Call our call centre at **1800-88-1266** or visit our website at www.pidm.gov.my, to find out how we manage our protection funds. We are also on Facebook and LinkedIn.

How PIDM Protects Your Bank Deposits:



A Moment with MFPC President

Dear Members

I am deeply humbled and honoured to be elected for a second term as the President of the Malaysian Financial Planning Council for 2021 – 2023. To begin, I would like to state that all our past NC members deserve enormous praise and our heartfelt thanks for their exceptional efforts in having guided the Council so ably by selflessly contributing their time and expertise in steering MFPC to numerous accomplishments. The new officer bearers and all National Council (NC) members will have a big task forward to continue with the good work of all the past Councils.

I would like to thank Malaysian Takaful Association's outgoing representative, En Sani Ayob, for serving on the NC and to welcome En Khairul Daim and Mr Maheswaran to the NC. All NC members will continue to work to fulfil the MFPC Vision, which is "To be the body representing the Financial Planning and Shariah Financial Planning providers in the region". I would also like to express my gratitude to the MFPC Secretariat headed by Ms Chung Kar Yin who, together with her team of motivated and committed individuals, have continuously worked very hard for the benefit of all members.

In keeping with the trust bestowed on us, all the new officer bearers and NC members will do our utmost to remain dedicated and steadfast in our commitment to keep raising MFPC's benchmark of excellence in financial planning education and to advance the development of the industry. We aim to lead the Council to greater heights by driving strategic prioritization and accountability, with a laser-sharp focus on promoting financial planning.

During the present Covid-19 pandemic, our focus has also been to further invest in raising the productivity of human capital. Our goal in this respect is to encourage learning for affected individuals, especially in cash flow management and basic budgeting. This will aid them to weather the present crisis and to be better prepared for similar scenarios in the future. Our endeavour to raise the financial literacy of Malaysians is reflected, among others, in our free flagship financial literacy programme, namely My Money & Me, and our new

financial literacy website on financial literacy to be launched soon for the public. Our efforts are in line with the objective of the National Strategy for Financial Literacy which, through the Financial Education Network (FEN), seeks to raise the financial literacy of the public. We invite collaborations and cooperation with entities with similar goals as we attempt to better equip Malaysians with financial planning knowledge and skills.

Further, to facilitate and enhance online teaching and our students' learning experience, we have converted one of our classrooms on the 21st floor into a greenscreen studio. High-tech and sophisticated equipment will be used to conduct and record all classes, our public programmes, virtual workshops and conferences, allowing us to conduct our professional classes and to continue our efforts to empower the public with financial knowledge and sound financial planning practices. Post-production work will also be carried out, enabling students to upload learning materials for self-study.

On a different note, Malaysia's economy is projected to grow by 4.5 per cent in 2021 amid a dramatic resurgence of Covid-19 infections beginning mid-April 2021. This recent spike in infections has raised concerns about the overall capacity of Malaysia's health system and the effects of the ongoing cycle of opening and closing the economy on households and firms. Malaysia's immediate priority must thus focus on the efficient and sustained management of the ongoing pandemic and its effects



on the nation as a whole. Protecting the lives and health of citizens, and thereby preventing further strains on the country's health system, is vital to ensure safe resumption of economic activities and a prevention of a more protracted economic downturn. Malaysia's economic recovery is dependent on policies that provide immediate relief as well as clear, accessible, and targeted support programmes that allow businesses

to maintain liquidity. The Council believes extending conditional wage subsidies, enhancing the clarity of the Standard Operating Procedures (SOPs), regulations, and speeding approvals and pay-outs for current loans should all be part of the recovery effort.

Once again, I would like to record my sincerest appreciation to all past and present MFPC NC members, MFPC Board members, all Chapter

Committees and the MFPC Secretariat staff for their unwavering support, guidance and commitment. Working together with all of you, I look forward to continue to lead MFPC to greater achievements.

Finally, I wish everyone a healthy and prosperous year for the rest of 2021. May you achieve all your goals and may all your dreams come true! Please do stay safe.

Thank you.



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An Alternative to Fixed Deposits

Financial Markets Committee



BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

A new type of deposit product for retail investors was recently introduced for those looking to steadily grow their money over the medium to long term, with potentially higher returns than fixed deposits.

Negotiable instrument of deposits (NIDs), which are essentially deposit certificates that can be traded in the secondary market, have been a staple product in the wholesale money market for years, regularly bought by institutional investors and high-net-worth individuals. To expand the range of deposit products available to retail investors to mobilise their savings, Bank Negara Malaysia in collaboration with the banking industry via the Financial Markets Committee, recently introduced the Retail NID (RNID) Programme, which allows participating banks to issue NIDs to retail investors, defined as individuals and eligible small-and-medium enterprises.

The RNID programme is part of an ongoing effort to enhance financial inclusion and financial literacy of the general public. Prior to the introduction of the programme, retail investments in banking products were generally limited to fixed deposits. By introducing RNIDs as an alternative investment, retail investors would have more choice in making savings and investment decisions in banking products. This would also raise the level of financial awareness among retail investors, empowering them to make decisions on what and where to invest in.

Under the programme, participating banks are allowed to offer RNIDs with maturities of up to five years to retail investors. Among others, the programme lowered the minimum investment amount of RNIDs to RM10,000

from RM60,000 previously, making it easier for retail investors to invest in them. Although the programme did not set any benchmark for interest rates, interest rates offered on RNIDs by participating banks so far have been generally higher than fixed deposits of similar maturity. The programme is also beneficial to the participating banks, as issuances of RNIDs would allow them to diversify their sources of funding and help banks better manage their liquidity profiles. “We think that issuing RNIDs would be helpful to us in managing our liquidity profile. Due to the stable nature of retail investors, we believe that we can capitalise on this new product to further strengthen our liquidity management,” said Mr. Tan Eng Kiang, Head of Group Financial Markets at Alliance Bank.

Flexibility to sell back RNIDs before maturity

A unique feature of RNIDs is the flexibility given to investors to sell back their RNID to the issuing bank before maturity. There would not be a penalty imposed on the accrued interest, unlike fixed deposits, where an early withdrawal before maturity usually results in investors losing at least 50% of the accrued interest. However, investors should be mindful of the level of interest rate and price quoted by the issuing bank when they sell back the RNID, as the deposit value would be affected by the change in the

interest rates. For example, if the buyback interest rate quoted by the issuing bank were to be lower than the rate at which investors first bought the RNID, the price would also be higher and there would be a capital gain on the value of the RNID. This gain is in addition to the interest accrued during the period that investors held the RNID. This feature is similar to marketable securities or bonds that institutional and sophisticated investors are able to invest in.

To facilitate investors, Bank Negara Malaysia has made it compulsory for all issuing banks to update and publish their RNID rates daily on either their websites or participating branches. Participating banks have also started educating investors on the difference between investing in RNIDs and fixed deposits, as well as the concept of selling back the product. “Since the concept of selling back the RNIDs before maturity is still new to retail investors, Affin Bank has focused on explaining and training our customers on how to sell the product as well as educating them on the implication to their investment returns when they do it,” said Mr. Khairi Nordin, the head of money market at Affin Bank.

There are two different ways for banks to issue RNIDs. Banks could either offer retail investors RNIDs with customisable maturity (similar to fixed deposits), or predetermined maturity (similar to savings bond).



Customisable maturity

- Affin Bank
- Affin-Hwang Investment Bank
- Kenanga Investment Bank
- RHB Investment Bank
- RHB Bank (by end of H1 2017)



Predetermined maturity

- Public Bank
- CIMB Bank (by end of H1 2017)
- Alliance Bank (by end of H1 2017)

The progress so far

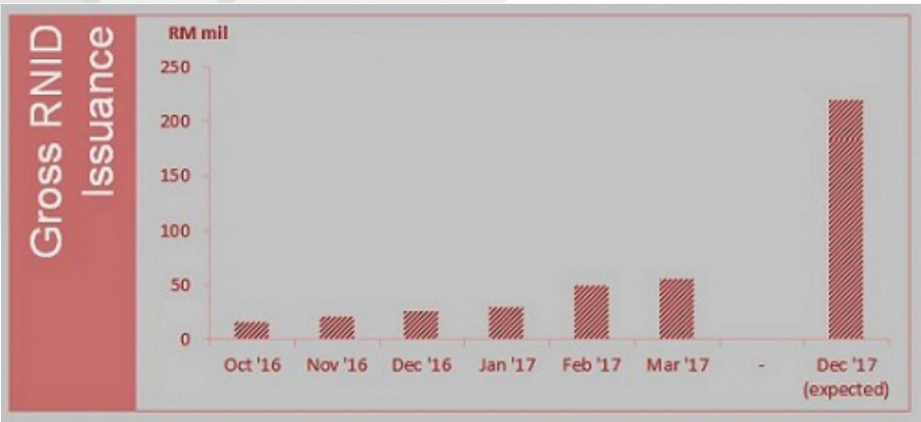
Since the introduction of the programme in October 2016, five banks have started to offer RNIDs. Over a period of six months, total outstanding RNIDs have amounted to RM55.4 million, with maturities of up to 3 years.

On 2 February 2017, Public Bank launched its inaugural RM18.2 million predetermined maturity 15-month RNID at an interest rate of 4.00%. According to a spokesperson from Public Bank, the bank offered higher interest rate for its RNID as part of its continuing efforts in educating retail investors about alternative investment product which could provide potentially higher returns and flexibility.

The other four banks offer customisable maturity RNIDs with maturities ranging from 1-month up to 5 years, with interest rates of between 3.00% and 4.10%. As with fixed deposits, the interest rate offered by RNIDs increases as the maturity gets longer. These four banks have issued a total of RM37.2 million of the customisable maturity RNIDs, with the highest take-up in maturities of below 6 months.

RNID issuances are expected to grow further

Issuances of RNIDs are expected to continue to grow at a reasonable pace, with gross issuance projected to increase by close to four times its current size by year end. Alliance Bank and CIMB Bank are expected announce their RNID programmes in the near future. With the participation of these two banks and the anticipated increase of RNID issuances by existing issuers, total issuance of RNIDs should top RM200 million by year-end. “While we do not expect RNIDs to be a significant part of our funding source in the near-term, we are very likely to issue RNIDs to take advantage of its liquidity management benefits. Apart from that, we are also happy to be involved in this new retail product which we think could grow in popularity among retail investors in coming years,” said Mr. Chu Kok Wei, Group Head, Treasury and Markets at CIMB Bank.



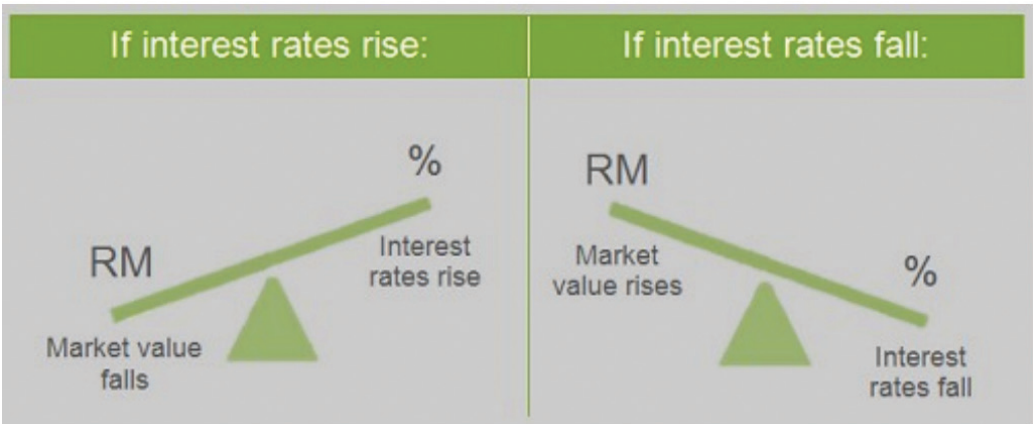
Exposure to interest rate and credit risk

In investing in RNIDs, investors take on two types of risk; interest rate risk (or price risk) and credit risk of the issuing bank. Interest rate risk is the risk that the market value of RNIDs may change as interest rates fluctuate. Just like bonds, the market value of RNIDs increases when interest rate declines, resulting in a capital gain for investors should they decide to sell their RNIDs at that point. Similarly, the market value of RNIDs would also decrease when interest rate rises. Changes in interest rates and prices of RNID may not be too relevant to some investors who plan to hold them to maturity, but investors still need to be aware that selling-back their RNIDs to the issuing banks before maturity in the secondary market could result in a capital gain or loss on their investment. Another important thing to note on interest rate risk is that the market value of long-tenured RNIDs is more sensitive to changes in interest rates compared to short-tenured RNIDs. For example, compared to a 1-year RNID, a 5-year RNID would see a larger gain or loss in market value when interest rates change.

From a credit risk perspective, investors will be taking on the issuing bank's risk. RNIDs are not

covered by the Perbadanan Insurans Deposit Malaysia (PIDM) scheme, which insures normal deposits in the event of a bank failure. This means that investors need to be mindful that should the issuing banks run into trouble, the value of their RNIDs may be negatively affected. Since different banks have different levels of credit strength, the returns offered by RNIDs would also differ based on the credit risk of the issuing bank. In general, stronger banks would offer lower rates on their RNID and vice versa. Therefore, it is important that investors look at the credit health and capital strength of issuing banks, focusing on their credit rating, capital ratios, profitability levels and asset quality before choosing which bank's RNID to invest in.

By assessing the interest rates offered and weighing them against the interest rate and credit risks that the RNIDs carry, retail investors would be able to make informed decisions on the suitability of RNIDs as an investment product and on which particular RNID to invest in. All-in-all, the introduction of RNIDs as a new investment product widens investment choices for retail investors and would enhance financial inclusion and literacy in Malaysia.





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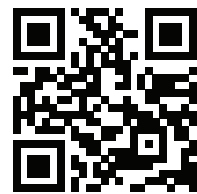
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Shariah-Compliant Stocks, Islamic Bonds (Sukuk) and Islamic Endowments (Waqf): Investments for Here and for The Hereafter

Overview

Islamic banking and finance have seen tremendous growth especially in the Middle East and Asian regions. In addition, several academic studies have reported that Shariah-compliant investments are resilient to crises episodes as compared to their conventional counterparts, and this includes the current COVID-19 pandemic. Islamic investments also offer favourable diversification benefits. In this article, we outline potential investments not only for worldly objectives, but also in the afterlife. More specific, we cover the two popular financial market instruments (Shariah-compliant stocks and sukuk), as well as Islamic endowment (waqf).

Shariah-Compliant Stocks

Background

Bursa Malaysia is one of the largest equity markets in ASEAN. The listed stocks are subject to numerous screening procedures based on various criteria. These include the Shariah screening process to determine compliance of the listed and initial public offering stocks with Shariah principles. The process to determine Shariah-investable stocks involves quantitative measures to test the companies' business activities and financial ratios. This is followed by the qualitative approach to assess the public perception and image in terms of their contributions to Muslim society.

Screening Methodology

In testing business, the activities they will be classified into three, namely Shariah-permissible activities (for example education, healthcare, and construction), non-permissible activities, and mixed business activities. Business activities that are considered non-Shariah-compliant include conventional banking and insurance, interest income from conventional accounts and instruments, gambling, non-Shariah entertainment, liquor, pork, tobacco and their related activities, as well as non-halal food and beverages.

There are quite a number of companies that, even though involved predominantly in Shariah-permissible business, are also engaged to a varying degree in non-permissible Shariah activities such as the selling of non-halal food and beverages. For these mixed activities, the Shariah Advisory Council (SAC) holds the view that the non-permissible element must be very insignificant, difficult to avoid, and the reasonable inclusion is to consider the right of non-Muslim. For this purpose, the SAC imposes for benchmark for the allowable proportion of a company's or group's revenue and profit before tax from non-permissible activities for it to be considered as Shariah-compliant. The 5% benchmark is set for the Shariah non-permissible activities as stated above while the 20% benchmark is set for share trading, stockbroking, rental received from Shariah non-compliant activities, and other activities that are considered Shariah non-compliant. In measuring *riba* and *riba*-based elements in a company's financing, SAC sets the 33% benchmark for the following financial ratios: cash (as placed in conventional accounts and instruments) over total assets and debt (for only interest-bearing debt) over total assets.

Investment Potential

Shariah screening is performed every year primarily based on the companies' latest audited financial statements. The list of Shariah-compliant securities is published on the Securities Commission Malaysia (SC) website twice a year, in May and November. As of 24 May 2021, there are 746 (80%) Shariah-compliant securities out of a total of 936 securities that cover the Main, ACE and LEAP markets. From this figure, the sectors with the highest percentage of Shariah-compliant securities are health care, construction and property, and the sector with the lowest percentage is the financial services. These large number of stocks offer vast opportunity for investors. In particular, several articles have documented that Shariah-compliant investments are less volatile as compared to conventional ones.

Islamic Bonds (Sukuk)

Background

From just 95 issues between 1990 and 2001, the number of domestic sukuk issued worldwide reached 9,287 with a total value of USD957.29 billion by the fourth quarter of 2019 (IIFM Sukuk Report 2020), with more than two-thirds of these originating in Malaysia. Impressively, Malaysia continues to lead the global sukuk market both in number and volume of offerings. This success can be attributed to the government's strategic initiatives to promote Malaysia as the hub for Islamic capital markets since 2001. The remarkable growth of the sukuk market has resulted in this asset-based financing being depicted as close to being a mainstream asset class in Malaysia.

Definition and Structure

Sukuk are asset-based Islamic debt securities which offer investors a rate of return that is tied to the future cash flows of the underlying asset(s) as opposed to conventional bonds which pay a fixed rate of return charged on the issuance principal. There are various sukuk structures according to the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). However, they can be broadly classified into contracts of exchange (debt-like) that offer fixed returns, and participatory contracts (equity-like) that are based on profit and risk sharing.

Due to Shariah compliance requirements, the contractual structure of sukuk indicates several features that distinguish them from conventional bonds. In line with the prohibition of *riba* and *gharar*, the Shariah standard for sukuk emphasizes a transparent and welfare-



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enhancing business transaction. Specifically, sukuk issuance must be based on physical or well-identified assets or their usufructs that can be valued easily and the operations of which are in line with ethical values. Further, the securitization of sukuk involves extensive documentation, tightly enforced contracts that precisely precommit the cash flows to the project, and the actions of contracting parties. These practices render sukuk as an effective deterrent of agency problems in debt issuance, as recent studies show.

Investment Potential

In recent years, the sukuk market has begun actively supporting sustainable and responsible investment (SRI) following the issuance of the SRI Sukuk Framework by Securities Commission Malaysia in 2014. This development is in line with the growing preference for ESG investing among the investor community around the globe. The socio-economic impacts of the Covid-19 pandemic, combined with the global call for sustainable development are expected to encourage the issuance of SRI sukuk further.

Waqf (Islamic Endowment)

Background

Departing from earthly investments such as stocks and bonds, it is important to highlight one of the investments for the Hereafter, specifically waqf (Islamic endowment). As narrated by Abu Hurairah RA, Prophet Muhammad said “When the human being dies, his deeds end except for three: ongoing charity, beneficial knowledge, or a righteous child who prays for him.” While waqf such as donations in the form of lands and materials for setting up mosques is not something new in Malaysia, it has recently seen a revival for other purposes including research and development, student education and welfare, as well as clinics for asnaf (those eligible to receive zakat aid collected from Muslims). Historical records show that endowments for educational purposes were established in Rome before the end of the 2nd century. This was followed by madrasahs and universities in Asia and Africa, while the oldest legal form of waqf (*waqfiya* documents) was recorded in the 9th Century.

Definition

Waqf (plural *awqaf*) is an Arabic word that literally means to stop, withhold or preserve from disposition. In the context of endowment, waqf is an asset that is restricted from any

transactions and thus can neither be sold nor inherited. Such assets are not restricted to only traditional ones such as land or building, as the National Council of Fatwa Committee in Malaysia also endorsed the use of cash waqf in its 77th meeting (10-12 April 2007). However, misconceptions exist among some in Malaysia who argue that waqf is not endowment. The reasons (e.g. purpose, tenets, gift and other criteria) are misunderstood. For example, one of the incorrect arguments is that because endowment includes all legally permissible purposes (whereas waqf must comply with the Shariah), then waqf cannot be endowment. It is easy to see why this assertion is wrong. To illustrate, saying that a mosque is not a building because buildings can also be casinos, is a flawed argument. In similar vein, to argue that halal drinks are surely not liquid because liquid can also be alcohol, or Shariah-compliant stocks cannot be stocks because the latter can also include non-Shariah-compliant companies, is completely wrong. Therefore, we must really understand the forms: halal drinks are still liquid, shariah-compliant stocks are indeed stocks, and waqf is definitely a form of endowment (specifically, Islamic-based endowment).

Other factors about the terms, right to manage, etc, are also argued within the wrong context. These mistakes might occur because of misapprehensions about what endowment really means. Briefly stated, endowment is simply defined as money or properties donated where only the resulting income will be used. One must recognize that “endowment” is a broad term, which does not impose restrictions to only certain types of intentions, reasons, investment instruments, time periods, and so on. Clearly, the definition of endowment does not contradict waqf. As such, the public needs to realize that endowment is simply an umbrella term, and depending on the criteria, it can either be non-Shariah (conventional) or Islamic (waqf). Indeed, notable scholars and experts such as Ishaq Bhatti, Buerhan Saiti, Mohammed Obaidullah, Usman Hayat and Adeel Malik, to name a few, have clearly defined waqf as (Islamic) endowment in their publications. In fact, Middle East universities such as King Abdulaziz University, Umm Al-Qura University, King Saud University, Cairo University, and so forth, also describe waqf as endowment in their official reports and websites.

Criteria, Duration and Investment Strategies

There are four pillars of waqf, namely *al-waqif* (waqf donor), *al-mawquf* (waqf property), *al-mawquf alaih* (waqf recipient) and *sighah* (the offer and acceptance of waqf). In short, the property must be tangible, legally owned by the donor and must be used for Shariah-compliant purposes only. The donor must also be legally fit while the recipients must be alive. The transfer must also be made clearly through *aqad* (agreement) declaration.

One of the issues concerning waqf is the duration. Consistent with endowments which can be temporary or permanent (perpetual), different Islamic schools of thought (*mazhab*) have different views about waqf. For example, the Shafie school of thought restricts waqf as withholding it in perpetuity. In contrast, the Maliki school of thought argues that it is valid to establish a waqf for a specific duration because there is no explicit verse in the Qur'an or hadith which disproves short-term waqf. This is further supported by AAOIFI in their Shariah Standard No. 33 on Waqf (Section 3/1/4), which states that “In principle, waqf should be eternal. Nevertheless, temporary waqf is also permissible when the donor desires to get back his property after a specific period.”

Regardless of the differences, the majority of the jurists agree that waqf is a noble act which contributes to virtuous charitable causes. In making this a reality, proper investment must be made to ensure that the best possible risk-return trade-off can be achieved. This is to allow sustainability and distribution of the returns generated from the fund according to applicable investment time horizons. Suitable allocation across various asset classes (such as Islamic money markets, Shariah-compliant stocks, sukuk and alternative securities) with low positive or negative correlations of returns should be analytically performed to reduce unsystematic risk. Accordingly, advanced portfolio optimization techniques such as the Black-Litterman model, portfolio monitoring, rebalancing strategies, and robust performance evaluation techniques like conditional value-at-risk, maximum drawdown, Sharpe and Sortino ratios are also crucial. In the context of permanent waqf, smart and rational investment decisions are required as part of the *tawakkal* process (reliance on Allah after making efforts) in order to meet the objective of perpetual charity for life in the Hereafter.

There isn't Life Planning When There isn't Financial Planning!



Life Planning



First of all, do you know what a good financial planning mindset should be?

"You need to buy more insurance to protect yourself."

"You need to have lots of personal savings to live comfortably in retirement."

Are these statements familiar to you? They may be common concepts and beliefs adopted by financial intermediaries today. However, what is the exact amount of insurance that you need to purchase to be deemed sufficient? Is the more the better? How much savings do you need to have in life? What is the purpose of having so much savings? And why do you want to earn so much? Do you know the reason behind buying as much insurance as possible if you can afford it? Do you know why you are reluctant to spend the money you have worked so hard to earn? What are you keeping all the savings for? Let me tell you the answer. All that may be because you are feeling insecure.

Your insecurities, along with constant brainwashing, have probably led you to have the inappropriate financial mindset. So, here comes the next question: Why are you feeling insecure? The reason may be simple. It may be because you do not fully understand your own financial health and so you

are feeling lost and helpless. Let me provide an example. If you are experiencing breathing difficulty and body discomfort now, aren't you worried that you might have Covid-19? You might rush to the nearest clinic for a Covid-19 swab test and not feel safe until the test result finally comes back negative. Hence, here comes another question: Have you ever done your own financial health check?

I will summarize some false mindsets regarding finance that Malaysians might have. Many are not aware of the existence and importance of conducting a financial health check, leading to misconceptions about their own financial assets, and labeling themselves as rich but in fact their financial structure might fragile and tight. On the other hand, there are the "poor" who have tons of cash not being properly utilized, subsequently turning into lazy assets that ultimately bring troubles to their daily lives in the end. The "lazy unemployed cash" depreciates, resulting a loss of opportunity cost as the cash could be used to yield gains.

The reasons stated above are among those why Malaysians feel insecure about their own financial situation. Thus, I would like to recommend that everyone consult a professional and independent adviser to screen your entire financial structure and to generate your own

financial health check report so that you are more aware of your own financial situation and customize your own financial plan. In particular, I recommend that businesspeople have systematic financial planning for their own business to ensure proper business planning and cash flow. I believe that the majority of businesspeople have the "all in or go home" mindset when running their business. I cannot comment much on every business model as everyone has different business backgrounds, experiences, opinions and goals. As a professional and unbiased adviser, I believe it is crucial for advisers to have a holistic mindset and the skills in order to customize financial plans for clients from varying industries and backgrounds. This will enable them to strive better and be more focused while competing in their own business and profession. Having a holistic and systematic approach will undoubtedly help in dealing with clients' financial difficulties. For instance, we always emphasize that everyone should know about their own liquidity ratio and current assets such as fixed deposit, cash in hand, money market fund, etc. However, when you have a liquid asset that can sustain for 6 months, you also need to have a proper standby liquidity ratio by having a semi liquid asset which can last for 6 to 18 months. For the semi liquid asset, we often suggest our clients allocate to collective investment schemes, unit trusts, bond funds and other semi-

can be converted into cash quickly for short to medium term usage. This arrangement allows clients to obtain asset liquidity yet benefit from the global capital market.

A complete financial report enables you to understand your financial position thoroughly. A complete financial report consists of financial ratios, net worth statement, cash flow analysis, insurance planning, investment planning, estate planning and debt planning. Let me put it simply. If you have a million Ringgit in hand, how will you allocate the money? Increase your insurance premium? Increase your investment fund? Invest in real estate? Or pay your debt?

I believe that many Malaysians are facing similar difficulties in financial planning as we are unaware of the proper way to manage our finance. Hence, we tend to use our personal experience, background, perception

and worse, succumb to the herd instinct in financial planning. And we also tend to manage our finance based on our mood and feeling. For example, I am happy today so I will invest more; this insurance agent is really hardworking so I will support him by buying more; I am feeling stressed out today so I will just use the money to pay for my debt. In fact, there is no right or wrong here as everyone desires and pursues different things in life. However, it is of extreme importance that we are completely aware of our financial health and the way we plan our finance should not be based on personal feelings.

The same goes for how we manage our physical health. We can freely decide on our body size, skin condition or hair length as long as we are living healthily and happily. However, we still need to seek professional advice from the doctor to maintain good health as we cannot manage our physical health based on our own emotions

and feelings. And doctors are professional in treating their patients without letting their emotions rule their decisions or actions as this will jeopardize their patients' health. There is a saying that a doctor should never operate on their own child as every cut hurts not only the child, but also the father. In this case, will the operation be successful? Relating this to our financial health topic, isn't managing your own money just like a doctor operating on his own child? Therefore, one should get financial advice from a professional, independent and unbiased financial adviser when it comes to managing our own finance.

A financial adviser will be able to assist you in conducting a financial health check and financial stress test. From there, you can acquire the right financial mindset and develop your own financial journey which will eventually turn into wealth and a legacy that can be passed on from generation to generation.



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UOB Kay Hian Wealth Advisors delivers professional customised and best-in-class total financial solutions to meet all your financial needs.

When it comes to financial planning, good financial advice can make a difference. This is a sentiment that is echoed at all levels of society whether you are a first-time investor, a self-employed individual planning for your retirement, or a business owner who is seeking to craft a solid financial plan for your business.

Bringing clarity to your clients' financial affairs is, after all, pivotal to giving them peace of mind and confidence about their financial future, and that's where UOB Kay Hian Wealth Advisors Sdn Bhd (UOBKHW) comes in.

UOBKHW was established following the acquisition of Standard Financial Adviser Sdn Bhd (StandardFA) by UOB Kay Hian Securities (M) Sdn Bhd (UOBKH Securities) in May 2020.

In this issue, financial 1st sits down with UOBKHW Chief Executive Officer Alvin Tan to learn more about the company, the story behind its new investment platform, and Tan's views on the financial planning industry in Malaysia.

Financial 1st : UOB Kay Hian Wealth Advisors (UOBKHW) came about as a result of the acquisition of StandardFA by UOBKH Securities. Tell us about the rationale behind this acquisition, and why this particular move was significant to both parties.

Alvin Tan (AT) : The acquisition was a good fit for both parties. For UOBKH Securities, they were looking to expand their business, and found wealth advisory to be something worth exploring.

Meanwhile, from StandardFA's perspective, we had ultimately arrived at a reflection point and came to the realisation that for StandardFA, we were in need of more resources to move forward. UOBKH Securities predominantly sells equities, while StandardFA manages unit trusts (UTs), insurance and legacy planning. With this in mind, I think that it was timely that both companies came together to form UOBKHW.

Rather than having a client purchase stocks from a securities firm, UTs from another firm, and insurance from an insurance company, they

can get all these products from UOBKHW at one go instead. Put simply, UOBKHW is like a one-stop centre that offers all these products and services.

Financial 1st : How can UOBKHW provide better services to the market?

AT : The establishment of UOBKHW makes us the first institutionally owned financial advisory firm as well as the first Corporate Unit Trust Advisor (CUTA) in the industry.

As an institutionally owned CUTA, this allows independence without having to be tied to a particular service provider. This way, we are more customer-centric and can represent our customers better.

Compared to most financial advisory firms which are mostly owned by individuals, this new setup which includes participation from institutional players, adds more "flavour" to the wealth/financial planning industry.

We offer UT products, along with life insurance, general insurance, and will and trust planning, as well as onshore and offshore investment products. And now, we can also provide equities investments, including investment research reports, adding more value for our clients.

UOBKH Securities is an associate company of the Singapore SGX-listed UOB Kay Hian Holding Limited. Being part of the UOB Kay Hian group, our clients can seek our assistance in matters of corporate finance such as initial public offerings, mergers, and acquisitions exercises.

In addition, we have a moneylending licence which allows our clients to collateralise their UTs (or even their life insurance with cash value) to take out some spare cash for their use.

However, our approach is more holistic, so to speak. We would take into account our customers' needs and objectives before recommending the best products for them.

Financial 1st : Tell us more about your latest investment platform, UWEALTH. How does it benefit the market and the industry?

AT : UWEALTH is the company's business-to-business (B2B) investment platform that functions as a tool for financial advisors to assist their customers in planning their wealth. In the past, you would need to fill up multiple forms when purchasing a unit trust product. With UWEALTH, this can be done digitally, including buying, selling, or even switching UT products online.

The platform allows clients to view and monitor their portfolios, but any changes to portfolios can only be done by advisors.

We are moving towards an alignment of client interest. Rather than just churning and switching funds to earn commissions, the objective now is to help the clients grow their asset value.



At UOBKHOWA, we have this model for advisors called the “wrap account”, where we “wrap” all our customers’ existing funds under one portfolio. Advisors utilise the wrap account to structure their customers’ portfolios, monitor market performance and rebalance portfolios when necessary.

We only charge an advisory fee (about 1% to 1.5%) based on the total asset value of a customer’s portfolio. Thus, as the customer’s asset value increases, the financial planner’s/adviser’s income grows as well. Customers can also perform unlimited switches to their portfolios in a year without incurring further costs.

Looking at what is happening in Singapore and Hong Kong, UT upfront fees there are much lower, with a maximum of only 2%. We may not be able to continue relying on the traditional upfront commission charges in Malaysia, and this could be challenging for the industry moving forward.

Financial 1st : Moving forward, how does the company plan to establish brand awareness to be the “go-to” destination of choice for wealth advisory?

AT : When it comes to brand awareness, I think word of mouth is always our best endorsement. Only by giving quality service can we get people to put in a good word for us. We are, after all, a people-oriented business.

Further, as our advisors represent our brand, it is important to build and nurture them. If you take care of your advisors, especially in terms of their competency, our customers will benefit too.

To me, education is an important element. StandardFA and UOBKH Securities, as separate entities, have already done a lot in educating the people who now make up UOBKHOWA. We are continuing this tradition and we encourage our people to continue participating in the variety of courses available.

Going forward, in the next one to two years, we hope our financial planners/advisors will be able to promote equities, futures and securities. Likewise, those from UOBKH Securities will be able to learn more about UTs and insurance. Training takes time, no doubt, but we will get there.

We have also developed our own board game called “Wealth of Life”, project headed by one of our Practice Directors, Brenda Yong. This board game is akin to Monopoly which we have been running for the last three

years, is meant for our corporate and individual clients to better understand the concept of financial planning.

We even have certified “Game Masters” who go out to organise their own groups to play the game, and we found that playing the board game is more effective in learning about financial planning than just listening to financial planning talks.

We also run Corporate Wellness Programmes that provide talks to corporate offices about UTs, financial planning, retirement planning and Private Retirement Schemes (PRS).

Further, we work with universities like Management Science University (MSU) to provide internship programmes for their students, as well as provide financial planning talks for both students and their parents.

Financial 1st : What are the plans for the company moving forward?

AT : Further expansion is definitely part of the plan. Currently, we have 16 offices nationwide on the Securities side, with financial planners/advisors being stationed in those offices, and we are planning to add more.

We are also open to M&A opportunities – if there are firms that are interested in coming together as a bigger group, they are welcome to talk to us.

We also have a new programme called the Advisor Entrepreneur Start-up Programme (AES). This is where we help entrepreneurs who are interested in pursuing a career in the financial planning industry but don’t know how or where to start yet, and still need fixed income (for example, those from banks and other working environments).

The AES facilitates transitions for these entrepreneurs, with up to 12 months of funding to enable them to get onboard to being 100% commission-based. Those enrolled in the AES would have to follow our training programme and be mentored by our Practice Directors who are licensed financial planners.

At the same time, we have our own competency and training centre, UAcademy, headed by Jennifer Chua. She was the first runner-up winner of the Malaysian Financial Planner of the



Year Award in 2016 and 2017.

An area of potential growth for the company is the Islamic wealth sector. While Islamic wealth management has been growing rapidly in volume and diversity on a global scale, it is still a relatively untapped market in Malaysia.

Malaysian Muslim investors primarily invest in Tabung Haji and Amanah Saham Nasional Berhad (ASNB). Therefore, we have every intention of further exploring this market because there are so many products out there that we can offer to Muslim investors.

There is currently a shortage of Islamic financial planners to serve the vast Muslim population in Malaysia. It would be good to further develop this sector of financial planning and increase the number of Islamic financial planners to meet potential demand.

In this case, UAcademy will come in handy as we very much focused on competency and training, and these will help aspiring Islamic financial planners acquire the knowledge and skills befitting professionals in the field.

Financial 1st : What is your take on the increasing adoption of technology in financial planning, and the impact of robo-advisory development on UOBKHOWA?

AT : Looking at how the COVID-19 pandemic has changed the way we do business, I think we cannot deny the fact that digital is more important than ever before. A digital system can do so many things – take UWEALTH for example: the online system helps advisors do away with form filling, among other things.

We are definitely exploring technology to meet further demands. Robo-advisory is in our roadmap, but not immediately, because at the moment, we are focusing on building and establishing UWEALTH.

WELCOME TO THE NEXT LEVEL

UOB KAY HIAN WEALTH ADVISORS



SUCCESS PROVEN
PRACTICING MODEL



Backed by leading regional **SGX**
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name.



One-stop Financial Advisory
Group – *brokerage, corporate finance,
money lending, wealth management, etc.*



40% associate company of the
UOB Group.



Own Proprietary Investment
Platform with Lombard Credit
Facility available.



**Financing / Entrepreneur
Scheme** available.



Universal Platform for various practicing models.
- **Single Advisory Business Focus vs Holistic Offerings.**
- **Sole Practitioner vs Practicing Group, and etc.**

Visit www.uwealth.com.my or call 03-7954 5486 to find out more!

Money to Make New Money = Portfolio Management

If you are able to apply the following 3 rules into your Personal Economy, congratulations, you have come to the next horizon after cash flow management, which is portfolio management.

1. Don't let debt rise faster than income

Because your debt burdens will eventually crush you

2. Don't let income rise faster than productivity

Because you will eventually become uncompetitive

3. Do all that you can to raise your productivity

Because in the long run, that's what matters most

With a simple and luxurious lifestyle, you provide a roof over the heads of yourself and your family, food on the table, books, and of course bills settlement in case of any sickness. You need to believe that the basic lifestyle is not expensive. Always give and share as this makes you believe you have more than enough.

Portfolios managed with the SKFH purpose for security and freedom

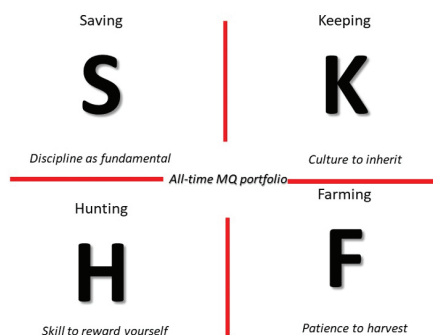
You create value to be able to build your income and take care of your personal cash flow management with your income and well-managed expenses (needs vs wants), and you will have surplus or extra money for the future. Thereafter, a portfolio of how this extra money or wealth allocation of the money plays a role in your life.

Your current management of your expenses (short-term funds) will determine the lifestyle you are having now, the basic lifestyle. With the predicted inflation, prepare for long-term basic living expenses needed and own a place to stay; this fixed asset could be an inherited or family house. These will provide you with security in pursuing your portfolio management.

You don't stop there, because security is not the real purpose of life; the focus is on freedom as your state of mind, the desired lifestyle and stress-free financial plan upon any expected or unexpected life events.

You can't construct a tall building without a good foundation; you can't pursue your desired lifestyle without the ability to afford the basic lifestyle and not the opposite. Many people are stuck at the liability stage, because they upscale their lifestyle with credit while the stage of security hasn't been achieved, which is the discipline and culture of wealth management.

Making your money work for you requires discipline, patience and skills in the culture you live, which are developed over time. Give a job to your money! Either S- Saving, K- Keeping, F- Farming or H- Hunting. Your money works in S and K for Security for personal-use assets, while it works in F and H for Freedom to upscale your lifestyle. S and K for what you need while F and H for what you want!



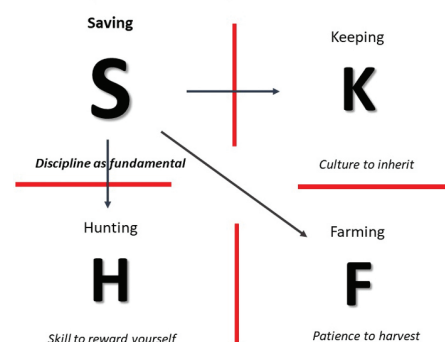
Increasing your surplus saving is increasing wealth, a simple discipline I have developed in increasing saving. Thus, in portfolio management, surplus money has a role in short-term saving in a fixed deposit in the bank and long-term saving in some fixed income funds.

This asset class in this portfolio could include cash, cash value in insurance policies, fixed income funds, employee provident funds and so on.

When you save, it means you have more and more money. The money will then be allocated for keeping (medical fees, healthcare expenses, education fee and reinvestment capital) and for hunting (investment to upscale the expected lifestyle and charity).

From the saving, you can accumulate the capital to pay for a down payment on a house to live in or

for investment purpose to rent out or to resell at a good value at a good time, or other financial scheme to grow the money. The discipline which develops your good habits also develops your patience to farm for midterm financial events and skill to reward yourself to upscale your lifestyle from time to time.



The 4 aspects of wealth allocation are like 4 ships at the same sea level. When the sea level goes up, the 4 ships, namely saving, keeping, farming and hunting go up; when the sea level goes down, all go down. If the security states of saving and keeping are well taken care of, the state of freedom is the only focus to grow the wealth. With the skills and patience well developed, you always have more money to upscale your lifestyle and the 'ships' of hunting and farming are always at a higher sea level than saving and keeping; you are at the stage of enjoying wealth.

What comes to your mind when someone mentions the 3Rs? Perhaps it is Reduce, Reuse and Recycle.

A financial planner immediately thinks of Review, Reallocate and Rebalance as they help clients through a volatile market environment. These are the foundational concepts of successful portfolio management and the basis on which a thoughtful investment strategy is developed. As the expectation for continued market volatility remains, the 3Rs can help remove fear and emotion in times of uncertainty. Let's take a closer look at each:

Review

Prior to building or making changes to a portfolio, the first step is Review.



A planner-client conversation is necessary to evaluate where you are in light of your personal goals. Regardless of your stage in life, whether you are retired and living off your portfolio, working to put your children through college, or just starting to build your nest egg for the future, taking time to address these questions are an important first step in portfolio management:

- Take inventory of your financial situation. Where are you in relation to your overall goals?
 - What is it that you want to accomplish; what are you investing for?
 - Has your goal or time horizon changed?
 - What have you done so far to move toward achieving those goals?
- Review your current asset allocation
 - How are your assets currently distributed between cash, property, bonds and stock?
 - Are you comfortable with the variability present in your portfolio? Does it make you nervous?
 - Can you afford to be more opportunistic, or should you be more conservative?
- Review your current cash flow
 - Do you have 3-6 months' cash in hand as an emergency fund?
 - Will you need to draw from the portfolio in the near term?
 - Do you expect any changes to your situation that could impact your income?

Reallocate

After reviewing your overall situation, evaluate your asset allocation to serve SKFH portfolio roles, the specific components of your portfolio. How is your portfolio distributed among cash, bonds, property and stock? Depending on one's situation and how the above questions are answered, the need for cash, protection, or long-term return will provide the outline for the appropriate asset mix. It is the allocation that determines the risk and potential reward in your portfolio.

In a well-constructed SKFH portfolio, the three main asset classes are further diversified to develop a desired allocation. Equities can be broken down into domestic and international, large and small size companies, and high growth or dividend payers. Fixed income positions are distributed largely with an eye on short versus longer term maturity and among varying credit qualities. Proper allocation allows for



the possibility that there could always be something down in your portfolio; this is a feature of diversification, not a flaw. Anything can happen, like the world economy being disrupted due to a pandemic.

Redirecting one investment in favour of another is a reallocation. There are number of reasons why a portfolio reallocation may be necessary.

- Market conditions or economic outlook may place one asset class in a more favourable light over another.
- Investment performance (or under performance) may require a position to be reduced or removed.
- There could be a change in risk tolerance or time horizon.

Your financial adviser will work to develop tactical and investment specific recommendations to global strategies, while providing guidance related to your specific risk tolerance and long-term goals.

Re-balance

Lastly, when managing a portfolio from time to time, through positive or negative market movements, portfolio allocations will stray from their intended weights. Re-balancing is the process of realigning your asset mix back to the targeted allocation. If you have set out to build a portfolio with a 70% equity and 30% fixed income allocation, market movements will cause those weights to be out of balance. Rebalancing a portfolio gives investors the opportunity to sell high and buy low (re-enter the market with re-investment capital of farming portfolio), while repositioning back to the original weights. This can be done at set time intervals, annually, for example, or as the portfolio shift demands. A good rule of thumb is making an adjustment when the portfolio is 10% from the original

targets.

Re-balancing is also an appropriate strategy if your time horizon or risk tolerance has changed. Moving a portfolio along the risk spectrum either more aggressively or conservatively to be aligned with a desired allocation will help your portfolio keep pace with your current needs. This allows you to make appropriate adjustments while remaining invested while curtailing timing risk and emotional elements of moving into or out of the market.

Review your situation with financial health-check guides with a financial adviser to determine if a portfolio reallocation and/or rebalance is appropriate for your circumstances. Everyone's situation is different but using the 3Rs can help to remove the emotion associated with uncertainty and ensure your portfolio is appropriately positioned towards the achievement of your goals.

4 Rules to Your Portfolio Management:

1. Do your **net worth statement**: Because this will show your actual assets vs liabilities and affordability to invest.
2. Understand your **total net worth excluding personal-use assets**: Because this is the net worth you would compound for investment return, and you know your real investment capital.
3. Apply the **compound effect** on your total net worth excluding personal-use assets: Because this will tell you how effective your portfolio management is with your portfolio mixture.
4. Apply **re-balanced risk management** in portfolio management: Because this safeguards your portfolio at any stage of the market economy cycle.

My MDRT Journey Through Licensed Financial Advisory



Million Dollar Round Table (MDRT) is a prestigious recognition for qualified members demonstrating exceptional professionalism, knowledge, strict ethical conduct and outstanding service. MDRT membership is recognized internationally as the standard of excellence in the life insurance and financial service business.

I used to dream to gain MDRT recognition ever since my first day in the insurance industry. I was told that you must gain MDRT membership at least once in your career in the financial industry. It makes you speak differently and well positioned. I used to attend many workshops to groom myself to becoming an MDRT member.

The workshops I attended covered soft skill development, creating a winning mindset and provided sales ideas. I used to participate in Sales Challenges in the agency to keep myself working harder and harder in the last quarter before the closing month of December. Unfortunately, I failed year after year and I told myself, let's work harder next year. Some voices of self-blame and reasons for not achieving came to mind, such as:

- I don't have good enough skills
- I should attend more workshops
- I should extend my network
- The downturn of the economy and business environment is to blame
- I have been down on my luck lately

Do these sound familiar to you?

A few years back, I decided to obtain the Licensed Financial Planner and Approved Financial Adviser's Representative designations. As a Financial Adviser in a financial advisory, I am no longer tied to a single insurance company or fund house. Instead, as a Capital Market Service Representative's Licensed (CMSRL) Financial Planner, I am expected to understand each financial instrument and prioritize my clients' interests. I have attended many training sessions to equip myself with knowledge of insurance products from multiple insurance companies, hundreds of onshore and offshore funds, multiple investment vehicles, legacy planning solutions and techniques to construct fee-

Million Dollar Round Table Membership and Growth Opportunities



MDRT®

INNOVATIVE IDEAS
INSPIRED GROWTH



based financial plans. This is just as other professionals like doctors and lawyers who have to study and understand medicine or legal matters before they advise their patients and clients!

My daily schedule no longer comprises just selling. I spend time studying market updates from each fund house, clients' financial standing and provide unbiased recommendations and holistic advice. The satisfaction is when clients see your value as a licensed financial planner and they are willing to pay you consultation fees for their financial plans. They become free of worries when they see clearly that their financial road map is well structured. They see

you as a professional who provides independent advice regarding their financial plan and don't worry about overweighting their resources by either unnecessarily signing up for insurance policies again and again or buying into inappropriate investment portfolios.

After 17 years in the business, I finally found my passion in the industry! I can't convince myself to cross-sell policies and sell policies to my clients and risking all their retirement, child education funding and wealth accumulation via insurance policies. Insurance plans are meant for protection and should not be considered as a cure-all. Licensed financial planners act like medical doctors who prescribe the

correct combination of medicines and medical services to their patients according to their diagnosis in an independent manner.

In 2020, my wife, Mayvis Chan Choi Moi, qualified for her MDRT in 6 months and I followed in only 4 months. Looking into our MDRT qualifying portfolios, we have a good balance of insurance, capital market and financial advisory fees. Frankly speaking, we are much happier, well-balanced and relaxed after qualifying for the MDRT Benchmark using a holistic approach. One can find out about the MDRT requirements for a balance between Risk Protection Products and Other Products on www.mdrt.org/membership/requirements.

Investor Guide to Real Estate Investment Trusts (REITs)



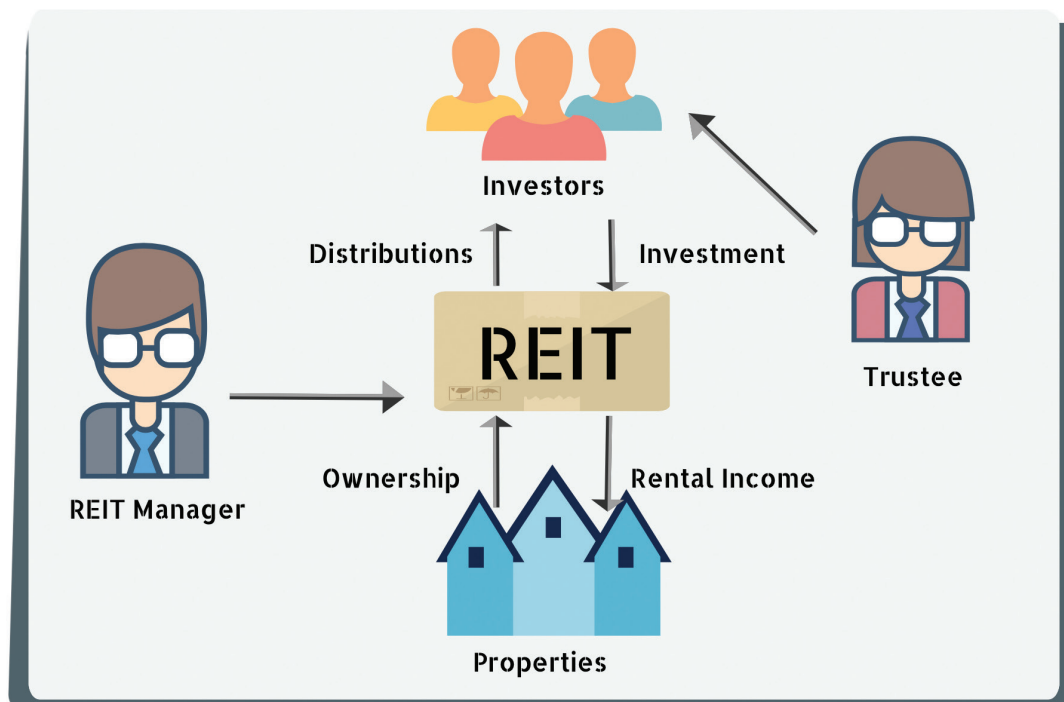
WHAT ARE REITS?

■ A REIT (pronounced “reet”) is a collective investment vehicle or trust fund which pools money from investors to buy, manage and sell real estate assets such as residential

or commercial buildings, retail or industrial lots, or other real estate-related assets.

■ REITs provide a way to invest in quality

large-scale commercial real estate without having to buy the properties directly. REITs typically offer you a stable income stream and attractive distribution yields.



How to Invest in REITs

■ For listed REITs, you can buy and sell them like listed stocks on Bursa Malaysia through a stockbroker.

■ There are 18 available REITs for you to choose from. Click here [http://www.bursamalaysia.com/misc/system/assets/16605/products_service_s_brochure_securities_REITs_list_291215.pdf] or visit www.bursamalaysia.com for more information.



Why Should you Invest in REITs?

■ REITs are affordable with a minimum investment outlay that provides exposure to large-scale real estate.

■ Professionally managed by experts.

■ Convenient real estate investing minus the hassle of sales and purchase agreements, stamp duties and lawyers' fees.

■ REITs are liquid assets that can be sold fairly quickly to raise cash or take advantage of other investment opportunities as they are primarily listed and traded on Bursa Malaysia.

■ Comfort of regulations as Securities Commission Malaysia regulates REITs under the Capital Markets and Services Act 2007 (CMSA) and its relevant guidelines.



MFPC Events

MFPC and Great Eastern Life Assurance Establish Collaboration Agreement

15 March 2021

The Malaysian Financial Planning Council (MFPC) and Great Eastern Life Assurance (Malaysia) Berhad (GELM) signed a collaboration agreement to further support the knowledge of GELM agents in advocating insurance planning amongst consumers in Malaysia.

The Council hopes this joint effort will expand and strengthen the Life Planning Advisor (LPA) programme at GELM, in concrete terms, with a firm commitment to enhance the knowledge of their life planners. The participants are expected to be able to compute a full financial insurance needs analysis and present more in-depth advice for a client's personal financial well-being based on the client's financial needs. As consumer needs have significantly altered, it will be a positive move for an agent to undertake a certification offered by GELM.

The major leap of the collaboration agreement is the promotion of mutually beneficial cooperation between MFPC and GELM in insurance knowledge through the Registered Financial Planner (RFP)



Module 2: Risk Management & Insurance Planning and RFP Module 5: Estate Planning. Participants will be recognized as associate members after completing the programme.

This agreement also exhibits

a close linkage between the life insurance industry and academia, which is critical to the development of society in general, and will particularly contribute to efforts to further enhance peoples' financial well-being.

MoA Signing Ceremony between MFPC & KENANGA

5 April 2021



The Malaysian Financial Planning Council (MFPC) and Kenanga Investors Berhad (Kenanga Investors) signed a Memorandum of Agreement (MoA) in respect of Kenanga Investors' goal to enhance the careers of their financial practitioners with financial planning qualification. Financial Planning practitioners with an RFP qualification will be able to provide a

full analysis for a potential client and suggest the best possible solutions for a client to attain financial well-being.

MFPC is optimistic that this initiative will produce significant results and achieve success. This will ensure that Malaysians will be able to obtain professional financial

planning advice. Currently, apart from the individual advisers attached to the 39 licensed financial planning firms, the Employees Provident Fund (EPF) and Agensi Kaunseling & Pengurusan Kredit (AKPK) have ensured that all their frontline personnel serving customers are professionally qualified with the RFP designation.

8th MFPC E-Conference on Shariah Wealth Management & Financial Planning 2021

Theme: Malaysia : A Hub For Shariah Fintech

20 April 2021



In our efforts to propagate Malaysia as the world's leading Islamic financial technology (fintech) hub that houses various Islamic fintech start-ups, the Malaysian Financial Planning Council (MFPC) organised the 8th MFPC e-Conference on Islamic Wealth Management and Financial Planning.

The 4-hour virtual conference featured 3 experts in the area and a roundtable session that gathered experts and professionals from the financial industry with Islamic and Shariah-related backgrounds. The event attracted more than 800 participants. The audience that tuned in to the virtual event ranged from

personnel in financial technology firms, financial planners, wealth advisers, insurance / takaful agents, unit trust consultants and those from the financial industry with backgrounds in Shariah financial planning.

The conference was supported by Kenanga Investors Berhad as the Platinum Partner. Other supporting partners were Affin Hwang Capital's AIIAMAN Asset Management Sdn Bhd, VKA Wealth Planners, Saturna Sdn Bhd, UOB Kay Hian Wealth Advisors Sdn Bhd, Etika Family Takaful Berhad, The Malaysian Insurance Institute (MII), Phillip Wealth Planners Sdn Bhd

and Malaysian Takaful Association.

In the keynote address, YBhg Datuk Syed Zaid Albar, Chairman of Securities Commission Malaysia highlighted that it is important to embark on a digital transformation journey to achieve greater client servicing and efficiency in the provision of financial advice. Therefore, building a supportive and sustainable Islamic fintech ecosystem is definitely needed to widen commercial opportunities, spark international connections, and deepen technical expertise that will drive the sector forward and position Malaysia as a leading Islamic Fintech hub.

AFA-MFPC Webinar 2021 : Growth Hack the PV, PMT and FV of Your Financial Advisory Business 18 February 2021



MFPC and AFA jointly organised the AFA-MFPC Webinar 2021 : Growth Hack the PV, PMT and FV of Your Financial Advisory Business on 18 February 2021. This webinar was conducted for free for undergraduates. The presentation of finance-related topics was delivered by 8 speakers with diverse experience in finance. The three speakers were Melvin Esteban

(Philippines); Kevin Ong (Professional Investment Advisory Services Pte Ltd "PIAS", Singapore); Chris Chan (PPP Academy, Singapore); Miliana Marten (MDRT Country Chair Indonesia); Caden Chia (Finexis Advisory Pte Ltd, Singapore) and Dr U-Jin (Manulife Financial Advisers Pte Ltd, Singapore).

This webinar covered topics

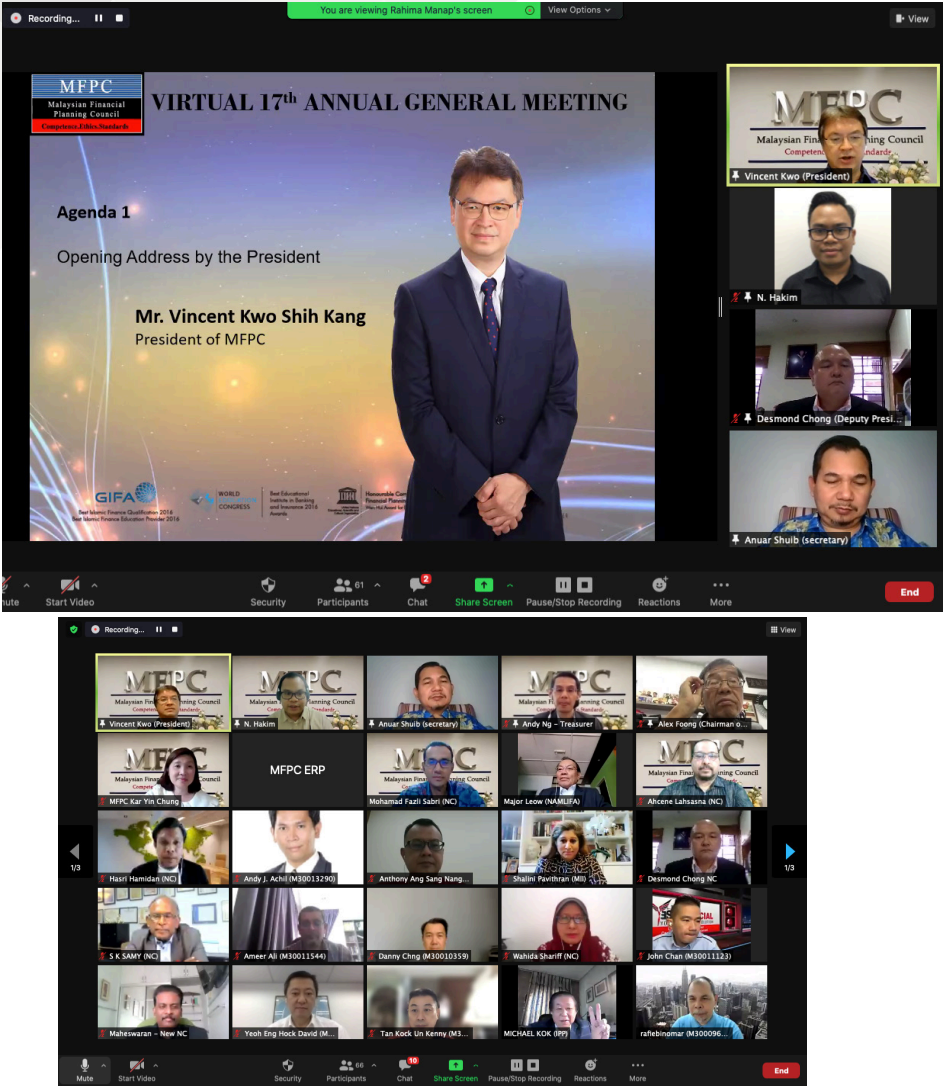
concerning how to engage, attract and acquire high net worth clients using the modern approach, enhance activity management, client relationship management (CRM) system & soft skills in financial planning and building assets under management (AUM) and insurance business, client selection processes and building online attraction capabilities.

MFPC Annual General Meeting

24 June 2021

The new office bearers of the Malaysian Financial Planning Council (MFPC) were unanimously elected for the 2021 - 2023 term at the Council's 17th Annual General Meeting (AGM). Vincent Kwo Shih Kang and Dr Desmond Chong Kok Fei were unanimously re-elected as the President and Vice President respectively. MFPC also appointed 5 other office bearers and 9 National Council Members at its 8th Election that was conducted during the AGM.

Effective immediately, Vincent Kwo and Dr Desmond Chong will assume responsibility with other newly elected office bearers and National Council members for the 2021 - 2023 term. The MFPC Secretariat and its respective chapters in Penang, Johor and Sarawak look forward to working together with the newly-elected office bearers to realise MFPC's vision to be the body representing Financial Planning and Shariah Financial Planning Professionals and Financial Services Providers in the region.



My Money & Me (Central Zone)

27 March 2021

MFPC
LIVE
STREAMING

E-BENGKEL PENGURUSAN KEWANGAN
my&me
money
Jaga diri anda, Jaga wang anda
"Take care of yourself, take care of your money"

Dirasmikan secara virtual oleh
YB Senator Tengku Datuk Seri Utama
Zafrul bin Tengku Abdul Aziz
Menteri Kewangan Malaysia



My Money & Me (Northern Zone)

22 May 2021



My Money & Me (East Coast)

26 June 2021



The second series of our virtual My Money & Me workshops for the year were held on 27 March, 22 May and 26 June for the central zone, northern zone and the east coast respectively. Since its inception in 2008, the objective of this programme has been to create public awareness, especially among youths, to increase the public's knowledge and empower them with skills in making financial decisions. Topics presented to participants comprised the importance of financial planning, prudent money management, investment and capital markets,

introduction to unit trust schemes and private retirement schemes, insurance and Takaful planning as well as tax benefits.

The speakers at the live events were from the Central Bank of Malaysia, Securities Commission Malaysia, Life Insurance Association of Malaysia (LIAM), Malaysian Takaful Association (MTA), Inland Revenue Board of Malaysia (IRBM), Agensi Kaunseling dan Pengurusan Kredit (AKPK), the Federation of Investment Managers Malaysia (FIMM) and MFPC who provided

reliable and accurate advice on personal financial planning.

All the programmes were virtually inaugurated by the Minister of Finance, YB Senator Tengku Dato' Sri Zafrul Abdul Aziz. All participants also got a Free Credit Rating & Credit Scoring Services from Experian.

The event in the northern region was co-organised with the MFPC Penang Chapter. With the support of our collaborators, the event in the east coast managed to attract over 500 participants.

MFPC Activities



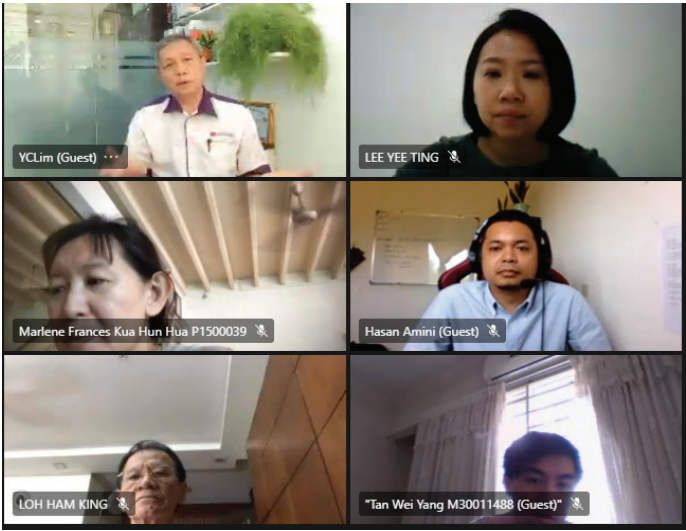
**1-Day Workshop : Investment Planning (RFP Module 3)
25 March 2021**



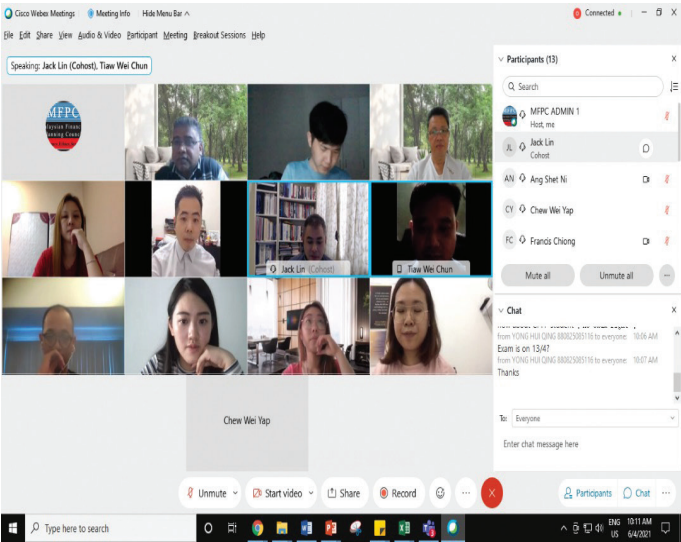
**MFPC-MSU Workshop
25 March 2021**



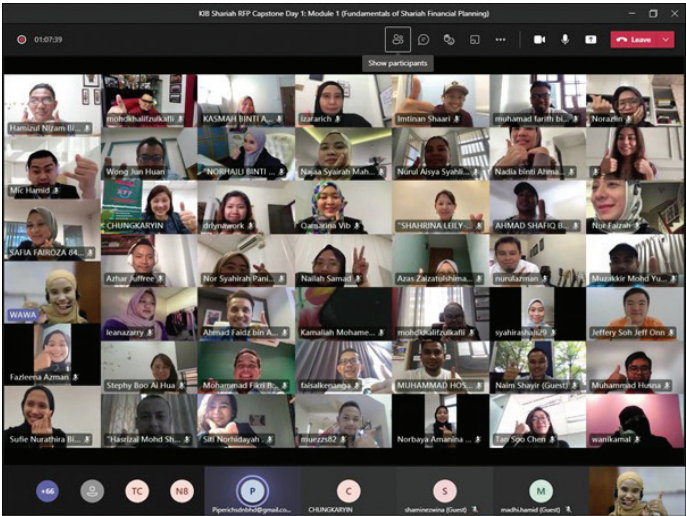
**MFPC eCPD : The Six Essential Steps
for Retirement Planning
25 March 2021**



**MFPC eCPD : How to Close Business
Succession Plans
1 April 2021**



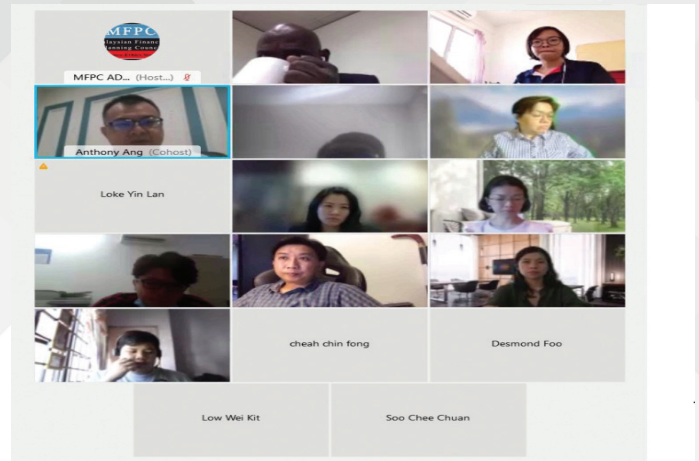
**RFP Module 7 Classes
6 April 2021**



**KIB Shariah RFP Capstone Programme
(Risk, Takaful and Zakat Planning)
7 April 2021**



Premier RFP Capstone 2021
7 April 2021



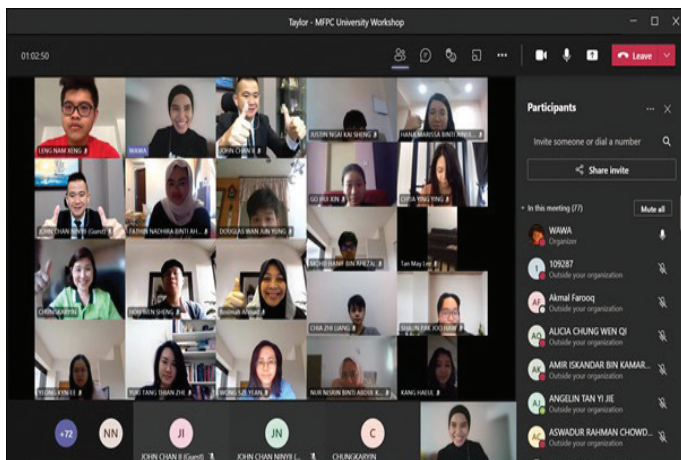
MPPP Batch 9
20 April 2021



MFPC eCPD : Estate Planning
29 April 2021



Viva session for EPF
3 May 2021



Taylor's University - MFPC eWorkshop
18 May 2021



McDermott Asia Pacific Corp Talk: Estate Planning with Tuan Haji Rafie
20 May 2021

YOUTH FINANCIAL PLANNING 2021

Financial Freedom: Secure Your Future

DATE: 22 MAY 2021
DAY: SATURDAY
TIME: 10.00 AM - 12.00 PM
VENUE: FB LIVE (ACCSS)

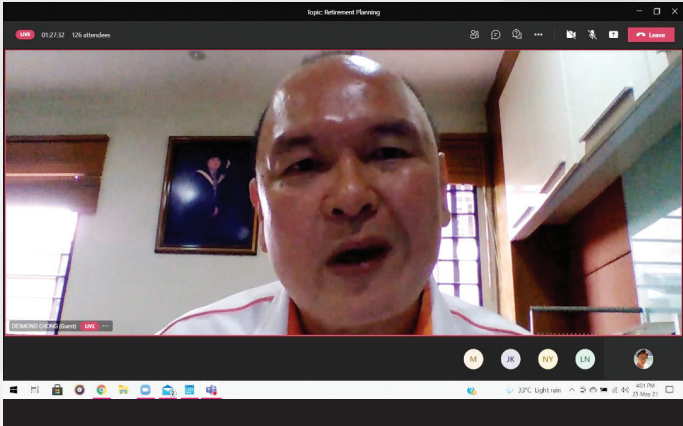
- E-certificate from MFPC is provided
- Join our pop quizzes and get a chance to win a cash prize
- Realize your ideas in the poster competition and win a cash prize

Speaker 1
Ms Loo Bee Ling
Head Examination & Education Department
MFPC

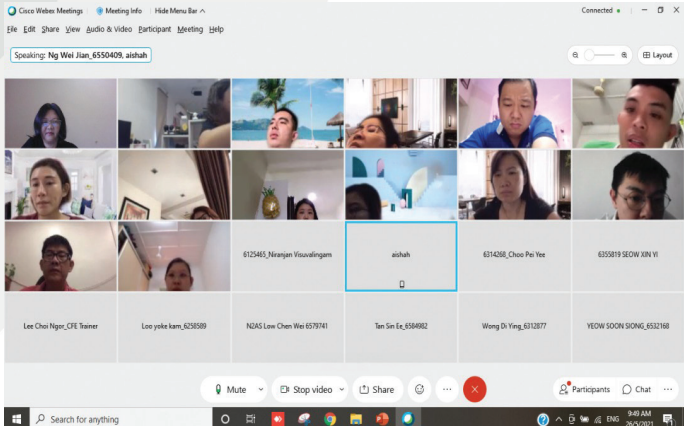
Speaker 2
En Anuar bin Shuib
MFPC Secretary

#Team AccSS
@accss_unisza
Accss UniSZA
Accss UniSZA

UNISZA Financial Freedom Secure Your Future talk
22 May 2021



McDermott Asia Pacific Corp Talk: Retirement Planning with Dr Desmond
25 May 2021



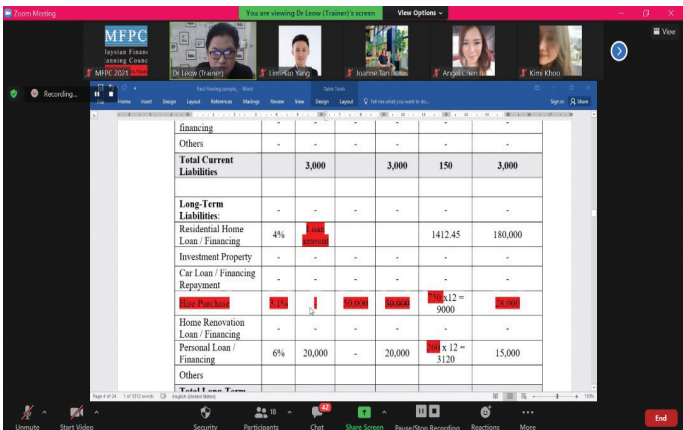
GELM Briefing
26 May 2021



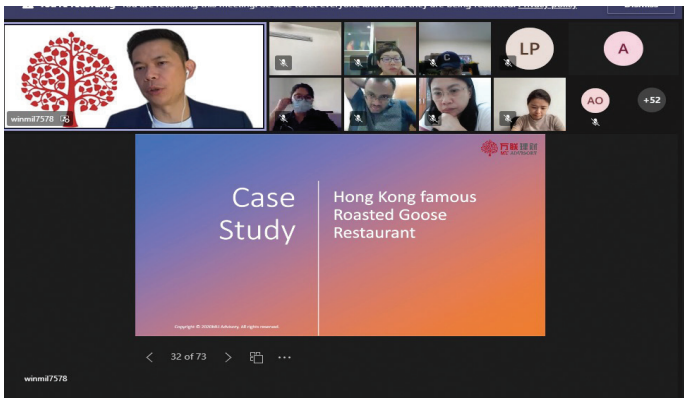
MFPC eCPD : Corporate Business Presentation Skills
27 May 2021



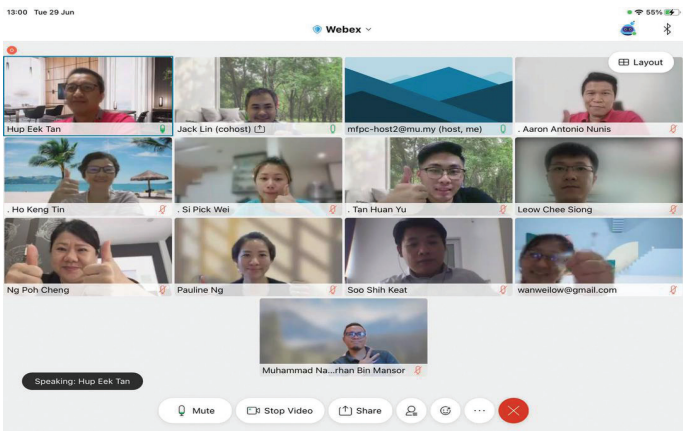
Etika Financial Literacy Talk:Tax Planning
11 & 18 June 2021



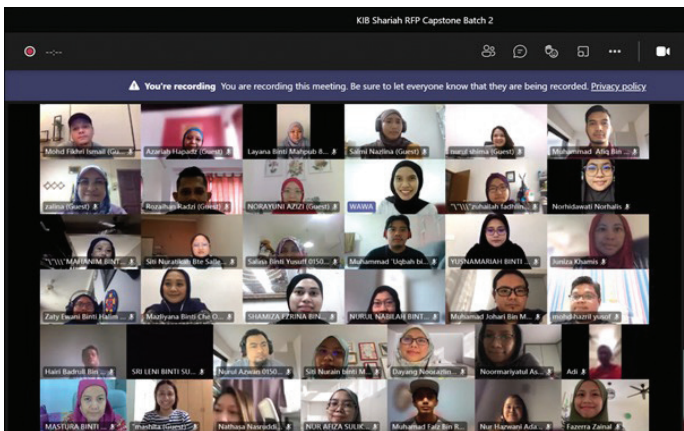
RFP Module 7 Tutorial Class
22 June 2021



MFPC eCPD: Business Succession Trust – The Key Factor for Business Survival
25 June 2021



RFP Module 7
29 June 2021



KIB Shariah RFP Capstone
29 June 2021

Best Student

MUHAMAD SYAFIQ BIN ZAWAWI

Congratulations on getting the Best Affiliate Student Award in 2020 for the Shariah RFP programme for Universiti Sains Islam Malaysia (USIM).

Please share with us what motivated you to achieve this success.

I am very grateful for this opportunity. I believe that we all have moments in life when our motivation is high or low. I have been blessed to have the support of my beloved family, my girlfriend my lecturers, and friends. I believe that the definition of success differs from one person to another. However, I am certain each of us have our own 'Big Why' and knowing my 'why' is an important first step in figuring out how to achieve the goals that excite me and create a life I enjoy living. My "BIG WHY" is my mother. I push myself to be the best version of myself so that I know my mom is smiling down on me.

We are certain you worked very hard to achieve this. How did you balance your time between work, personal commitments and studies?

To balance work and study at the same time can be a very difficult

thing to do. Although the thought of balancing work and study may seem overwhelming, it can be achievable with some planning and self-discipline. In addition, while at university, I joined a few organizations such as Event Management, International Buddies and Volunteerism. Those organizations kept me busy but they were of great value to me. Therefore, I started my assignments early to enable me to complete them just in case other things came up. Creating time to study was important to ensure I allocated and prioritized my time for it while being realistic. That was the best I could do.

Do you have a personal philosophy? If so, please tell us what it is.

Early to bed, early to rise, work hard

and exercise.

What are your words of encouragement to the other students who wish to achieve success like you did?

You do not have to do something extraordinary to lead a meaningful life. Get adequate sleep, take regular breaks, be active in class and at work, eat well, work out, stretch, and even take a walk. Maintaining a healthy lifestyle physically and mentally will help you manage stress. Remember to live your life to the fullest. Allow yourself time to enjoy some of the best things life has to offer; otherwise, you may forget what you are studying for.

Finally, make gratitude a part of your daily life. Every day, reflect on one or two things that happened to you which you are grateful for. Not only will it make you happier, but it will also put you in touch with what really matters. Whenever you achieve a small win, make sure that you reward yourself with something meaningful and do not be so hard on yourself.



Insurance and the Covid-19 Pandemic

During the Covid-19 pandemic, whenever “frontline personnel” are mentioned, people will generally think of doctors in white coats, “Florence Nightingales” in nurses’ uniforms or policemen in uniforms. However, hidden in the blind spot of the public, are insurance advisers who have been busy handling Covid-19 related claims and advising clients on insurance-related matters since the first Movement Control Order or MCO 1.0. The role of an insurance adviser is vital during this pandemic, especially with increased public awareness of the importance of insurance.

Bank Negara Malaysia has approved the virtual presentation and remote signing of new insurance policies since March 2020. With increased use of technology and a similar increase in the educational level of Malaysians, many people have begun to make policy reviews, make enquiries about their own policy status online, etc. These enquiries are not only from existing clients, family members and friends, but also from referrals of existing clients and their acquaintances on social media. In a very short time, the remote signing of new policies and virtual presentations of insurance proposals have become the “new norm”.

Humans are at “war” with an enemy we can’t see. We do not know nor can anyone tell us when the “war” will end. After much experience with online consultation, I have summarised below some information to answer certain questions concerning insurance during this pandemic:

First of all, there are many policies with exclusion for communicable diseases such as Covid-19. If you hold such policies and are admitted to a private hospital upon diagnosis of Covid-19, you cannot make a claim on your bill. A lot of people are confused with this clause and worry about it.

Secondly, when the daily number of Covid-19 cases rose, hopes for the end of the pandemic fell. After the inoculation programme began, many people registered to get vaccinated. However, some were worried about the side effects of the vaccine and the possible complications. And people began to post their concerns on social media. False information was also posted.

Thirdly, a swab test is unavoidable before being admitted to a hospital, before a surgery or of course after having come into close contact with a person diagnosed with Covid-19. Many wonder whether the cost of a swab test is claimable if they have a valid insurance policy. Last year,

the Life Insurance Association Malaysia (LIAM) allocated a big sum for life policy holders to claim for the cost of a swab test. Unsurprisingly, this fund was fully claimed by policy holders within a very short time. As a result, policy holders now need to pay for the swab test out of their own pockets.

Last but not least, in order to give back to society, major insurance companies launched various free coverage and special promotions during these difficult times. For example, some companies offer free coverage for all Malaysians between the ages of 18 to 70 against complications after being vaccinated. If you are interested in this free coverage or any kind of special promotion, do spend some time to read about it carefully and forward it to your friends or family members who need it.

In conclusion, after the outbreak of the pandemic in Malaysia during March 2020, people started to carry out financial health checks and upgraded their policies to ensure sufficient coverage for their loved ones. I urge everyone to consult a professional life planner who can give you the proper advice before making such an important decision. Do a policy review today and your future self will thank you for it.



The Future of Fintech & Insuretech for Financial Well-Being in Malaysia

Introduction

The race is on between financial players (institutions and practitioners) and end customers to keep up with ever-changing and ever-demanding customer experience/expectation. Hence, the rise of Fintech and Insuretech in playing a role to reshape the landscape of the financial planning industry in Malaysia through using advanced financial/insurance technology.

To stay relevant, we have to be ever evolving, competing and innovating. Thanks to our transformation into a global digital economy, we are taking advantage of these developments and turning them into new growth opportunities. We are now running businesses efficiently and making transactions more seamlessly than ever before.

This has given rise to enormous business opportunities in the financial ecosystem, allowing the average person to play a bigger part in the fin-economy together. We must now focus on acquiring smartly and delivering intelligently. Many of us are riding the waves to be the next digital business leaders in e-space, whether we are from the banking, finance, insurance, fund, medical, logistic, property or FMCG sectors.

The Business-Paradigm Model (Diagram A) has changed because your customers will now be shaping your business future. They expect a better, faster and

effortless experience each time. Thus, securing and growing your customer base has to always be your number one priority to be sustainable and vibrant.

In this article, we will explore and open up new horizons on how we can bring more creative business ideas and technological innovations into our home, enriching the future of Fintech and Insuretech for the financial well-being of Malaysians.

Where We are at the Moment

Currently, many financial institutions and financial practitioners are tapping into the huge financial services market. Big players such as banks, investment banks, fund houses, insurance operators and many others are investing heavily in new technology enablers to attract, service and grow their customer base aggressively.

Insurance operators have also joined the revolution, moving into the 100% Paperless Business Model, transforming the old into the new, revamping their business underwriting, claims execution, policy servicing, customer service, etc. practices. The business savvy understand it is wiser to spend time with customers rather than to do paper work.

However, due to more stringent guidelines and regulations, many financial institutions are facing many challenges in identifying more effective and efficient ways to humanize technology. Yes, this is where we can distinguish our competitive advantages to stay leading and outstanding.

Fintech and Insuretech is not only about how you inject technology into your business and process, but also how you “humanize” the technology to service your customers each time they are engage with your

product, advice and service.

As an example, many banca and insurance operators today are facing tough challenges when dealing with the sustainability of investment-linked policies. Many of their policy holders who had invested 15-20 years ago are now withdrawing their cash values, resulting in policy destabilization or even lapsation. Many of us do not really understand the relationship between cash values and costs of insurance/insurance charges during the process of advisory in the first place as this was emphasized early on.

How nice it would be if we were able reverse the clock to start all over again from 20 years ago. Fintech is not only about the future, it is about how you deal with the foreseeable future!

What is Humanized Technology?

FPW (Financial Planning and Well-Being) is a specific & specialized discipline. This is where the actual pains lie with every financial business entity as training, retaining and duplicating these resources are very costly. This is because the knowledge can only be gained after dealing with numerous customers or with many years of working experience.

Hence, many businesses are investing heavily in human resource training and development to meet their business goals. However, this has not been successful due to high turnover of good trainers and competitiveness/learning curves among different practitioners. As such, businesses are losing their very valuable human assets and experiencing a “yoyo” effect most of the time.

Imagine that we have humanized technology in our business and every satisfied customer grows with you because of your providing him with a new level of excellence in his financial journey with each experience with you. Surely, you would want that, wouldn't you?



Alan Lim Wai Loong,
Principal Consultant
of QAS The Talent
House,
Lifetime's MDRT,
Registered Financial
Planner (RFP),
Master Degree,
Uni of Warwick, UK.

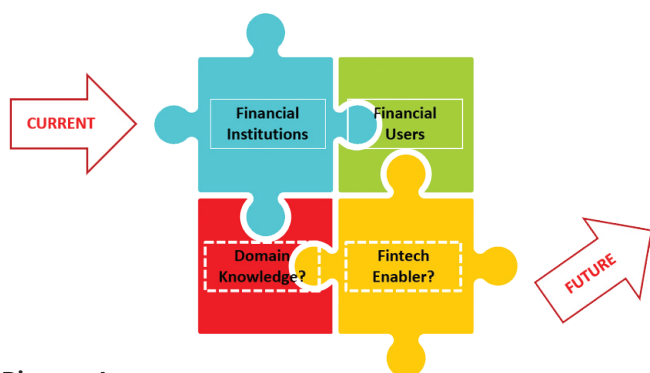


Diagram A
The Missing Puzzles or The New Paradigm?
Real Expert Domain Knowledge and Its Fintech Enabler?

Other than eliminating and reducing advisory errors, and mistakes and discrepancies, your customers will also enjoy quality and productive advisory. Advisers will no longer be advising based on a product-based approach but on a needs-based one, as aligned with the needs-based approach advocated by Bank Negara Malaysia. The game-changing needs-based advisory coupled with Fintech/Insuretech (rich in domain knowledge) will be transforming every practitioner in the future to work smart.

The Future of Fintech/Insuretech

To create a scene to differentiate the scenarios of with or without the use of Fintech/Insuretech, we will use a case study as below:

Assuming Mr A is now 35 years of age and he would like to retire when he is 56 if the fair rate of return is 6.5% a year, fair rate of inflation is 3.5% a year....to last for the next 20 years. He goes to a banker.



Mr A asks his banker:

I wish to retire at 56. Can you help me to calculate how much I would need after my retirement if I live for 20 years after retirement?

A typical answer may be: We have a product to meet your needs. By investing RM x a year based on this projection....

But, has this addressed Mr A's concern correctly?

Other than the conventional but tedious way of using a typical financial calculator to reach the answer, is there any other way to make this advisory process Fintech technology? more interactive and informative for your customer using Fintech technology?

For Case Study Purpose:

As there are very limited Fintech/ Insuretech technologies available in this space, we are using our in-house R&D project as a mock. We are embracing a new journey of financial education and experience to bring your customer to a new level



With simple 3 - 4 data points (Diagram C), Mr Banker is now capable of processing the financial information easily by providing "live planning" during the process of advisory.

Step 1:

Enter 3 - 4 Data Points.

Step 2:

Automated by AI

Determine Your Number of Living Years.

Step 3:

Automated by AI

Explain the Capital Liquidation.

Step 4:

Automated by AI

Why Inflation Matters?

Step 5:

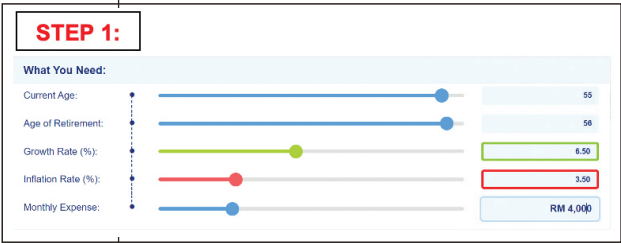
Automated by AI

Expert Modelling.

Diagram C
Future Fintech/Insuretech, The Smart Financial Automation

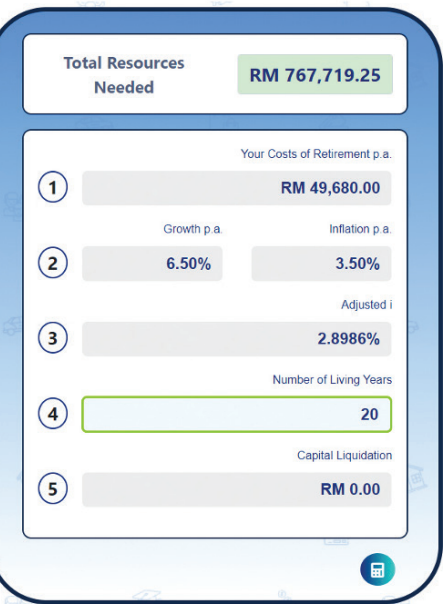
Note: Future Fintech/Insuretech should be exceptionally "adaptive, cognitive and informative" all the time for both user and end customer.

How it Works



Step 1: With simple 3 - 4 data points, the future Fintech should be capable of gathering, calculating and analyzing your financial data swiftly.

STEP 2:



Step 2: AI should be very smart in processing the data in real time with a single tab, using expert modelling to reduce any potential human errors and mistakes.

CASE Study A

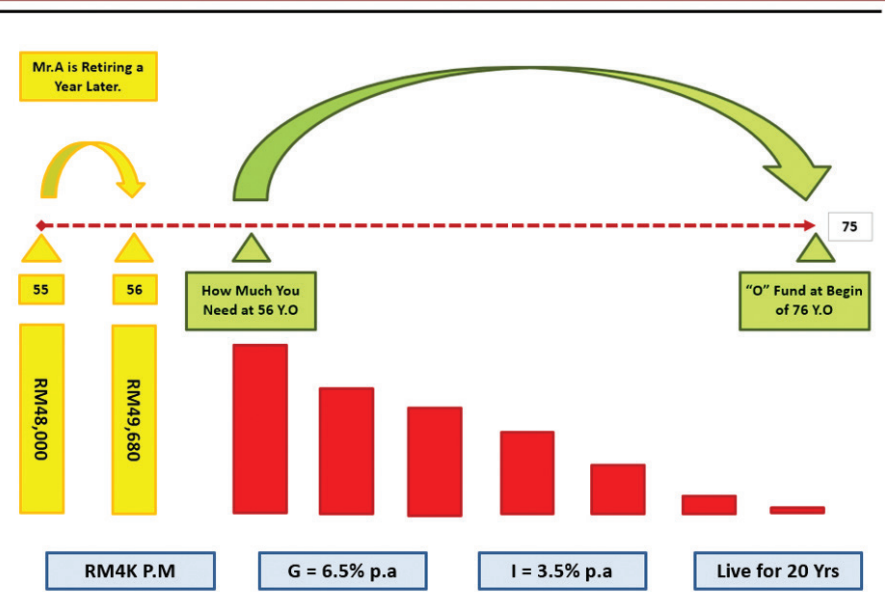
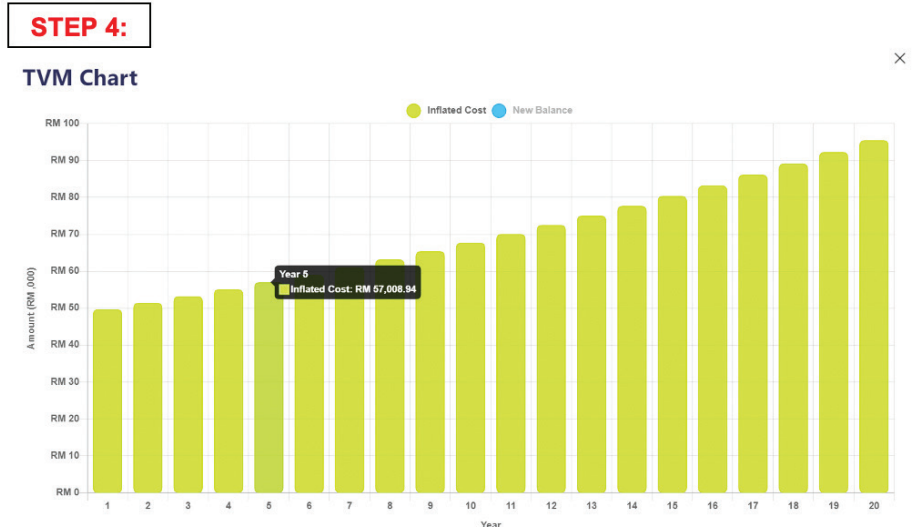


Diagram B
Retirement Costings & Expenses Mapping

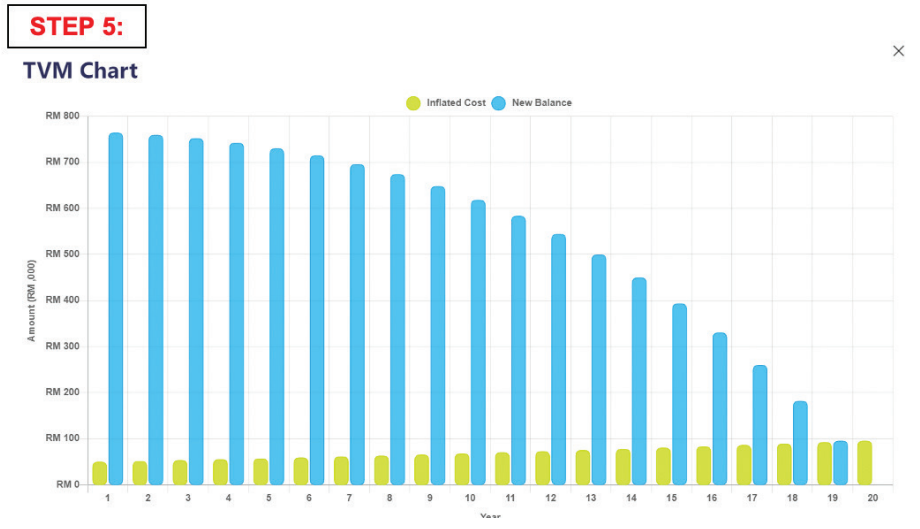
STEP 3:

YEAR	(A) RETIREMENT CAPITAL	① (B) INFLATED COSTS	(C) BALANCE	① (D) GROWTH	(E) NEW BALANCE
1	RM 767,719.25	RM 49,680.00	RM 718,039.25	RM 46,672.55	RM 764,711.80
2	RM 764,711.80	RM 51,418.80	RM 713,293.00	RM 46,364.05	RM 759,657.05
3	RM 759,657.05	RM 53,218.46	RM 706,438.59	RM 45,918.51	RM 752,357.10
14	RM 500,017.62	RM 77,697.34	RM 422,320.28	RM 27,450.82	RM 449,771.10
15	RM 449,771.10	RM 80,416.74	RM 369,354.36	RM 24,008.03	RM 393,362.39
16	RM 393,362.39	RM 83,231.33	RM 310,131.06	RM 20,158.52	RM 330,289.58
17	RM 330,289.58	RM 86,144.43	RM 244,145.15	RM 15,869.43	RM 260,014.59
18	RM 260,014.59	RM 89,158.48	RM 170,855.11	RM 11,105.58	RM 181,960.69
19	RM 181,960.69	RM 92,280.06	RM 89,680.62	RM 5,829.24	RM 95,509.87
20	RM 95,509.87	RM 95,509.87	RM 0.00	RM 0.00	RM 0.00

Step 3: Future AI should be capable of learning these mathematical, statistical and tvm (time value of money) formula, making the modelling exciting and at your fingertips. It is like it is talking to you!



Step 4: The escalating costs of retirement are unavoidable and are inflated each year. Therefore, retirement costs will become more expensive and this explains why your capital could be fully liquidated within 20 years.



Step 5: Using Power tvm as an advanced simulator, Mr Banker can now advise Mr A professionally with a very interactive and cognitive chart.

This is an example of good qualitative presentation.

Strategic Conclusion

To conclude, Fintech & Insuretech

are still new and present many opportunities in Malaysia. However, now, we understand Fintech aims to automate the traditional financial methods in the delivery of financial services to

drive more business effectiveness and efficiency. On the other hand, Insuretech refers to the use of technology innovations to disrupt the insurance industry, moving from the traditional to the next-gen platform to reduce overall operational costs, increase overall business productivity and improve overall customer experience.

To navigate the 4.0 industrial revolution with new cutting-edge technology (in manufacturing and finance), we must work together to drive this vision successfully for the country. Innovators, practitioners, regulators and associations must work closely to build a bigger fin-future together.

There is still not much R&D being carried out in this area but the future is right now. The future of the financial industry is exciting, whether you are a financial institution or a financial user. The future technology should be user friendly, user proof, tested and validated to follow the highest industry standards and regulations. We really need a jump-start right now!!!

BE A WISE INVESTOR

Always remember these three important things when investing in order to protect your investments.

1 Choose your consultant wisely

Make sure you are dealing with an authorised consultant.

2 No cash transactions

Cash dealings are strictly prohibited under the governing rules of FIMM.

3 Don't sign on an empty form

Keep yourself safe from any unauthorised transactions.



Regulate



Protect



Educate

Discover your options in Unit Trust and Private Retirement Schemes by visiting www.fimm.com.my

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