Session 1: Challenges & Opportunities: Emerging Frameworks for Financial Consumer Protection & Education in Asia
Malaysia’s Experience

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The Financial Consumer Protection Policy in Malaysia is based on the objective of “fair treatment of consumers.”

**Desired outcomes** for consumer protection framework:
- fair dealings & **fair treatment of consumers**
- **enhanced informed participation** in the financial system by consumers
- **sustained public confidence** & trust in the financial system
Consumer protection initiatives in Malaysia support bigger national objectives

→ ensuring responsible business conduct
→ ensure availability of basic financial products
→ rise of more prudent financial management
→ greater demands for financial services

→ participation by more informed consumers
→ strengthen the position of consumers through increased financial competence
→ improve domestic consumption as a real driver of growth

→ enable widespread access
→ enable underserved communities to avail themselves to financial services
→ Better financial intermediation

→ more active consumerism is envisaged to have a pivotal role in driving efficiency in the financial services industry
→ greater demands for better financial services
→ sustained & holistic development of industry

→ rising of more prudent financial management
→ greater demands for financial services
→ sustained & holistic development of industry
### Institutional set up for financial consumer protection

<table>
<thead>
<tr>
<th>Set strategic direction for financial education</th>
<th>Ensure responsible business conduct</th>
<th>Ensure availability of basic financial products</th>
<th>Effective disclosure regime</th>
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</thead>
<tbody>
<tr>
<td>Financial education for adults</td>
<td>Financial counselling</td>
<td>Debt management programme</td>
<td>Advisory &amp; redress @ BNM</td>
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<td>Advisory &amp; redress @ industry</td>
<td>Deposit insurance scheme</td>
<td>Alternative dispute settlement mechanism</td>
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| BNM | AKPK | FMB | PIDM | Financial services providers & Industry Associations |
Bank Negara Malaysia drives financial education initiatives at the national level

- **Formulation of policies & setting strategic direction**
  - Defining roles of BNM, industry associations, other agencies

- **Setting strategic direction**
  - Integration into school curriculum; School adoption programme; school financial club; adult education via AKPK (Credit Counseling and Debt Management Agency)

- **Identification of target groups and priority areas**
  - E.g. school children; youths, lower income households; teachers; rural communities.
Financial education strategies have evolved from information dissemination to a multi-pronged and targeted initiatives

- When first launched in 2003, materials and information were disseminated through websites and printed materials
- Now, usage of more timely, interactive and speedy financial education delivery tools.
  - SMS blast on consumer alerts
  - Targeted outreach programmes nationwide (including mobile LINK)
  - Financial education and counseling to borrowers in financial distress
  - More interactive web-based financial education efforts:
    - bankinginfo; insuranceinfo; and islamificfinanceinfo
    - consumer information and alerts via social networking service e.g. facebook
Financial education is pursued to inculcate basic financial management as an essential life skill from an early age

- BNM leverages on strategic partnership with the relevant ministries, industry associations and financial service providers

- Financial education programmes for adults are targeted to address specific risks and vulnerable target segments
Enabling infrastructure to support financial education initiatives are being strengthened for more effective implementation

**bankinginfo** - 26 booklets published. Also provides budget calculator, financial calculator, comparative tables, etc.

**insuranceinfo** - 25 booklets published. Also provides car premium calculator, consumer checklists, etc.

**islamicfinanceinfo** - info on Islamic banking and takaful products and services, concepts, principles and tools to manage finances.
Implementation of financial consumer protection & education strategies done through multiple channels

Avenues to seek redress and help

- **Financial Mediation Bureau**
  - www.fmb.org.my

- **Complaints Unit @ FSPs**

- **SME Special Units at FSPs & BNM**
  - assist SMEs on financing
  - www.smeinfo.com.my

- **Small Debt Resolution Scheme**

- **ABM Connect**
  - The Association of Banks in Malaysia
    - www.abm.org.my
    - eABM Connect
    - Toll Free Helpline

- **Credit Counseling And Debt Management Agency**
  - www.akpk.org.my

**LINK and Regional Offices**
- BNMLINK
- BNMTELELINK, SMS 15888
- MOBILE LINK
- Complaints Management and Advisory

Contact details on BNM’s website

BNMLINK
BNMTELELINK, SMS 15888
MOBILE LINK
Complaints Management and Advisory
LINK & Regional Offices Consumer Protection Framework

Public Interface Channels

Roles

1. Resolution & Mediation
   i. Retail banking
   ii. Insurance & Takaful
   iii. SME issues

2. Business Conduct
   i. Fees & Charges
   ii. Misrepresentation
   iii. Fair debt collection
   iv. Responsible financing
   v. Transparency & disclosure

3. Financial Surveillance
   i. Illegal deposit taking
   ii. Illegal forex scam
   iii. Internet Scam

4. Financial Inclusion, Education & Promotion
   i. Illegal deposit taking & investment scam
   ii. Managing debts
   iii. Basic banking & insurance services
   iv. Access to financing

Collaborators

Internal
- Consumer Market Conduct Dept.
- Dev. Financial Enterprise Dept.
- Supervision Department
- Special Investigation Unit
- Financial Intelligence Unit
- Financial Surveillance Dept.

External
- Financial Institutions
- NGOs
- Enforcement Agencies
- Media
- Government Agencies
- SME Corp
- AKPK

Desired Outcomes

- Effective Policy Formulation & Implementation
- Effective Enforcement & Supervisory Action
- Heighten Financial Inclusion
- Responsible Usage & Investment
- High Satisfaction
Expanded channels to provide greater outreach

BNMLINK
One-stop reference point for walk-in visitors

BNM TELELINK
Engagement via telephone, e-mail, official forms, letter or fax

Integrated Contact Centre (ICC)
Comprehensive customer service provided by BNMLINK, BNMTELELINK and Consumer Redress & Advisory Unit for banking, insurance and SMEs

• BNM LINK at 6 BNM branches
• SMS Service Complement existing channels

Mobile LINK counter
Expanded outreach

• LINK & ROs Dept
  Strengthened presence at regional level – effective execution of the Bank’ strategic mandate
• Mobile LINK coach launch
  Greater outreach to underserved communities for financial inclusion

2005

2007

2008

2009

2010

2011

2012

• Social Media via Facebook & Twitter complement existing channels
• Mobile LINK Coach Deployment
  Heighten financial inclusion at underserved communities
Innovative outreach channel… Mobile LINK

• An innovative channel to achieve greater outreach in serving communities of semi-urban and rural areas
• Mobile LINK Coach was launched on 9 Dec 2011
• Terminals in coach are connected to credit reports, Consumer Redress Mechanism System (CRMS) and BNM’s website

<table>
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<th>No. of districts covered</th>
<th>26</th>
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<td>No. of mukim covered</td>
<td>35</td>
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<tr>
<td>Total participants</td>
<td>13,175</td>
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<td>Take-up rate for financial services</td>
<td>21% (RM5 mil)</td>
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(As at 28 September 2012)
Between 2008 and 2012 (Jan-Sept), cases for redress had increased by 130% (from 133,439 to 307,356)
Expect to increase further since Mobile LINK is now fully operational

In 2012 (Jan-Sept), total daily average of engagements: 1,607 through various channels
- LINK : 973 engagements/issues
- TeleLINK : 598 engagements/issues
- Consumer Redress & Advisory (CRA): 36 engagements/issues

Since the inception in Nov 2010 until Sept 2012, Mobile LINK had attended to 16,218 customers.
Thank you