



## Digital banks seen bringing positive changes to local fintech scene

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PETALING JAYA: Digital banking players will bring positive shifts to the financial technology (fintech) scene in Malaysia, introducing personalised products, new solutions and investments to spur innovations, experts say.

KPMG Malaysia fintech and digital banking lead Yeoh Xin Yi (*pix*) said the entry of digital banks will enhance the competitive landscape of Malaysia's financial services sector.

"I anticipate a wave of positive changes where the new digital banks will be offering personalised products and services to a wider group of customers, in answer to Bank Negara Malaysia's (BNM) call for more financial inclusion and literacy.

"There will also be investments in setting up the right technology-enabled infrastructure with the specialised skills to go with it," she told SunBiz.

Yeoh foresees a rise in demand for new solutions. The presence of digital banks will compel conventional financial institutions to step up their game and digitalise with agility.

"Given the change in banking delivery and operational models, there will be more adoption of innovative fintech solutions by digital banks as well as conventional banks."

With broader options soon to be available 24/7, it will change the way we consume financial services," Yeoh said.

The Fintech Association of Malaysia (FAOM) and the Malaysian Business Angel Network (MBAN) believe the digital banks will allow retail customers as well as small and medium-sized enterprises access to critical financial services, which will radically alter how businesses function in Malaysia.

FAOM president Karen Puah hopes the arrival of digital lenders, which will begin operations mid-2023, will redefine banking by building sustainable operations focused on serving Malaysians with personalised, assessable and relevant financial products.

Additionally, MBAN president Alan Lim said banks have now recognised the value of leveraging smart collaborations with fintech startups to sustain and grow their operations and establish rapid go-to-market strategies.

“We anticipate the formation of more innovative fintech startups within the digital banking solutions that will invigorate the angel investment activities and ultimately forming a vibrant start-up ecosystem in Malaysia.”

Concurring with Yeoh’s views, Lim said digital banks are rethinking banking through technology and digital channels, creating a client experience which he described as “superior”, and compelling players to reinvent themselves.

“This may expand beyond being digital lenders to encourage more people to save for the future and more entrepreneurs to expand their enterprises to acquire market share in Southeast Asia’s e-commerce sector, which has a population of more than 650 million,” Lim predicted.

On April 29, BNM awarded digital bank licences to five consortiums, from a pool of 29 applications, to expand access to the country’s banking system. The consortiums are Boost Holdings Sdn Bhd-RHB Bank Bhd; GXS Bank Pte Ltd-Kuok Brothers Sdn Bhd; Sea Ltd-YTL Digital Capital Sdn Bhd; AEON Financial Service Co Ltd-AEON Credit Service (M) Bhd-MoneyLion Inc; and one led by KAF Investment Bank Sdn Bhd.

The central bank assessed each applicant’s value proposition of its business model, which includes innovative use of technology to meet client demands and capacity to reach underserved segment.