Anti-Corruption Crusader Tan Sri Abu Kassim on the new National Anti-Corruption Plan

As Malaysia is on its journey towards becoming a fully-developed and high-income nation, fighting against corruption is high on our agenda. To this end, a few key national development initiatives were developed: starting from the National Integrity Plan (NIP) which was launched in April 2004 with a detailed plan in line with the challenge of establishing a fully moral and ethical society, whose citizens are strong in religious and spiritual values and imbued with the highest level of ethical standards as outlined in Vision 2020, to the Economic Transformation Programme (ETP) and the Government Transformation Programme (GTP) to drive the country forward in 2012.

So, how will the National Anti-Corruption Plan (NACP) introduced in January 2019 be any different from the rest of the initiatives?

“The difference is that this time around the NACP is more comprehensive and touches the real nerve, the real root of corruption,” said Tan Sri Abu Kassim Mohamed, Director General, National Centre for Governance, Integrity & Anti-Corruption (GIACC), Prime Minister’s Department. He was delivering the keynote address at the Governance Symposium 2019, jointly organised by the Malaysian Institute of Accountants (MIA) and the Malaysian Institute of Corporate Governance (MICG).

About the NACP
“Basically, the NACP is about translating the aspiration and wants of the public into action. The public has given the message that they want a corrupt-free society and a government that has governance and integrity and fights corruption to the maximum.” He stressed that a corrupt-free society doesn’t mean that there is zero corruption, rather minimal or manageable levels.

Under the NACP, there are six strategies, 17 strategic objectives and 115 initiatives.

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**National Anti-Corruption Plan Framework**

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**Political Funding and Accountability**

The NACP also has more teeth compared to previous plans because the elephant in the room has been addressed – the issue of political funding and accountability.

Out of the NACP’s six strategies, the first underscores political governance and political accountability. And out of the 115 initiatives in the NACP, 35 are on political reform. Twenty-two of these initiatives have been prioritised because they are key contributors to corruption in Malaysia.
"Political corruption is the mother of all corruption and we have translated that philosophy into the plan... If the political funding law had been enforced, surely the issue of donation would have been addressed because there would be a process and discipline for what you do when you receive money."

Alluding to the metaphor that a fish rots from the head, he added that governance and integrity can only be improved if leaders change. “If we want real change, then it’s about leadership, leadership, leadership.”
Speaking from personal experience, Tan Sri Abu Kassim noted that one of the biggest hurdles to political accountability is the lack of current legislation that punishes "ignorance and dishonesty". However, there are areas under the UN Convention Against Corruption (UNCAC) and some leading countries that have criminalised the misconduct of politicians and government officers. The government is looking into these as well as policies to reduce conflict of interest situations and misuse of authority by government officials and political staffers assisting ministers, he added.

Tan Sri Abu Kassim also singled out the government’s efforts to stop the culture of "political lobbying" and rent-seeking, where huge profits are made on inflated contracts awarded through political connections but just a small percentage goes to the companies actually doing the work. “This is sabotage to the Malaysian economy.”

**Doing it Our Way**

According to Tan Sri Abu Kassim, there are various scales of corruption and how it is manifested out there. “We can say that all corruption is not the same but somehow, it may demonstrate itself (as being) rather similar around the world. Be it bribery, conflict of interest, embezzlement, abuse of power, influence peddling, nepotism, and so forth, the causes of such crimes and the areas they hit can vary to a certain extent. The scales of corruption and their effects differ across society, economic and political facets. By understanding the feasible factors that may contribute to these orders of corruption in terms of greed for wealth and power, we should then be able to characterise the kinds of corruption, integrity and governance issues our country is likely to undergo.”

Accordingly, the NACP was developed to fit the Malaysian context using internally-derived data and guidelines, taking into account sources such as UNCAC standards and recommendations, the Malaysian Anti-Corruption Commission (MACC) manifesto and the report of the government’s Institutional Reforms Committee (IRC).

**All for One and One for All**

Tan Sri Abu Kassim urged all parties to come together to build a better governance system that embeds integrity. “When it comes to corruption, it doesn’t just involve the authority where the MACC catches the criminals.” All must be involved – private sector, NGOs, civil society and the public.

“This NACP will be our first-ever plan created to communicate our Government’s intention and set a coherent framework in dealing with the issues of governance, integrity and anti-corruption. Non-cooperation from any of the actors will only mean
that we fail to undertake the desirable changes for Malaysia. It would reflect a bad image of our country and our future prosperity will be at stake.”

“MIA plays a very important role especially in education and regulation through punishment and fines, because these have a deterrent effect,” he concluded. Accountants play an especially important role in fighting corruption by upholding integrity and good governance, he stressed.
Technology is disrupting all facets and functions of business – and CFOs and the finance function are not exempt. MIA’s CFO Conference 2019 themed Leading in the Digital Age seeks to upskill CFOs to better navigate the digital developments and trends impacting their role and the finance function.

Upskilling is vital because today’s CFOs are expected to assume more of a leadership and business partnership role in driving and supporting the business, while overseeing financial management and compliance with regulatory requirements.

**MIA Competency Framework**

As the developer and regulator of the accountancy profession, MIA is in the right space to scrutinise and address the issues affecting the competency and capabilities of CFOs and the finance function. During the Conference, MIA will officially launch its Competency Framework for Finance Functions in Public Interest Entities as guidance for CFOs and other stakeholders.

The Framework delineates the scope and skills expected of CFOs and finance professionals in the digital economy. Simon Tay, Executive Director, Professional Practices & Technical, MIA will be on hand to explain the features of the Competency Framework and how organisations and individuals can apply the Framework to enhance the performance of the finance function.

**Becoming Digital Champions**

The Framework also addresses the increasingly digital thrust for CFOs and finance functions. As strategic leaders and business co-partners, CFOs are expected to champion and leverage opportunities arising from digital transformation.
Apart from calculating the costs and benefits of digital investment, the Conference will explore how CFOs can best apply digital tools such as data analytics, artificial intelligence (AI) and automation to create and enhance the value of the finance function and integrate transformation across the overall organisation.

- **Data Analytics** – This session delves deeper into how CFOs can better utilise data-driven insights to enhance their organisation’s profitability, efficiency, and support their company’s long-term strategy and vision.

- **Finance Transformation** – Whether you’re just starting out or scaling up your Finance transformation journey, this session looks into unorthodox ideas and systems that help CFOs keep pace with the unfolding developments of Industry 4.0.

**Engaging Investors**

Although the CEO historically handles investor relations (IR), engagement with investors is the intuitive domain of CFOs as financial communicators and as CFOs take on larger strategic roles. This session examines why and how investor relations are becoming an increasingly important part of the CFO’s role.

In response to growing shareholder pressure, IR can be a platform and an opportunity to shape market perceptions of the organisation and drive market value. This is true especially in an increasingly competitive landscape where businesses are competing for investors’ funds and trust to sustain market values.

**Compliance: Guidelines on Adequate Procedures**

Launched on 10 December 2018 by the Prime Minister, the new Guidelines on Adequate Procedures will take effect from 1 June 2020. The guidelines were issued pursuant to subsection (5) of Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Act 694) (MACC Act 2009), as stated in the MACC Amendment Act 2018.

CFOs are expected to be materially impacted by the new Guidelines. The Conference will show you how the guidelines can assist commercial organisations in navigating and implementing the adequate procedures to prevent the occurrence of corrupt practices in their business.

_The MIA CFO Conference 2019 – Leading in the Digital Age will take place on 13 June 2019 (Thursday) at the Connexion Conference & Event Centre @ Nexus, Bangsar South, Kuala Lumpur. The Conference carries 8 CPE hours and HRDF claimable. To register, contact Vino at 2722 9290 or email to sp@mia.org.my_

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CIMA & AICPA Create New Hub in Kuala Lumpur to Strengthen Accountancy Profession in Southeast Asia and Around the World

The Association of International Certified Professional Accountants (the Association), which brought together The Chartered Institute of Management Accountants (CIMA) and the American Institute of CPAs (AICPA), have announced a new global hub in Kuala Lumpur to support members and students. The move demonstrates a significant commitment to the accountancy profession in Malaysia and Southeast Asia that will also benefit professionals globally.

The Association was established in January 2017 by members of CIMA and AICPA to drive a dynamic accountancy profession equipped to drive economic growth and stability. It leverages the strengths and century-long heritage of both organisations to advance that mission. The new KL hub, for instance, builds on CIMA’s four decades of history in Malaysia. It first established a presence in the country in 1977.

The new hub is one of three in the world, along with London (UK) and Durham, North Carolina (USA). Together, they serve 667,000 members and students across 184 countries and support both Chartered Global Management Accountant (CGMA) designation holders and Certified Public Accountants (CPAs) with the latest news, professional insights, best practices and continuing professional development.

The announcement of the new office coincides with the release of the Association’s new research on the future of finance, which indicates that a majority of the world’s finance leaders believe accounting competencies will need to change significantly over the next three years as businesses adapt to an unprecedented pace of technological innovation.
“Finance professionals need to go beyond what they do today to be the strategic partners and value drivers that businesses need not just to navigate change – but thrive in it,” said Irene Teng, the Association’s Managing Director for Global Markets, at the launch of the hub. The event was officiated by Teng, Lawson Carmichael, Chief Operating Officer of The Association and Francis Chan, Council Member of CIMA.

“This new hub will be a powerful catalyst for the profession here in Malaysia, Southeast Asia and around the world, delivering the support, insight and foresight accountants need to meet today’s demands and tomorrow’s challenges,” said Teng.

With the creation of the new hub, the Association has taken new office space at Level 10, 1 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor and expects to grow its workforce in Malaysia this year.

At the launch of the hub, guest of honour Yang Berhormat Dato’ Ir. Haji Amiruddin Hamzah, Deputy Finance Minister of Malaysia commended the Association for its role in developing the profession. As the Deputy Finance Minister was attending the installation ceremony of the new 16th Malaysia King, he was represented by a member of his office who delivered his speech on his behalf.

“I believe that if the Association plays its role with all of this transformation, not only will we have more help in meeting the target for more professional accountants in Malaysia, but it would also help us in having more global certified employees that will make this shift happen, henceforth setting the path for Malaysia to become a developed nation in the near future,” said the deputy minister.

“The 2019 Budget already entails part of this importance for the country and specifically for this agenda in increasing the number of accountants and strengthening the developments of the accountancy profession to support economic growth.”

“Therefore, I fully support The Association to be part of this agenda and to work closely with the relevant partners such as the Malaysian Institute of Accountants, the Malaysia Professional Accountancy Centre (MyPAC) and Yayasan Peneraju Pendidikan Bumiputera for their ‘Program Peneraju Professional’ (professional certifications in finance and accounting) for us to all achieve this together,” he concluded.

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Comparing Negative Interest Rates Policy & Mudarabah Investment Deposits

Heavyweight economies such as Sweden, Denmark, Switzerland, Japan, and EU (via the European Central Bank) initially introduced negative interest rate policies in order to stimulate their economies through money lending activities and to attract more local and international borrowers.

The negative interest rates policy is a financial policy practiced by central banks by cutting interest rates to below zero. This makes borrowing cheaper but savings less attractive as depositors have to pay for keeping their money with banks. Most policymakers took this path to reduce borrowing costs for companies and households and drive demand for loans.

In June 2014, the European Central Bank (ECB) reduced its interest rate, at which it lends to commercial banks, to 0.15% and its deposit rate, which it pays to banks on their reserves, to -0.1%. Three months later, the ECB reduced the deposit rate again, to -0.2%. Later on, the Central Bank of Denmark set its main policy rate below zero for much of the past three years to repel capital inflows. In January 2015, the Swiss National Bank resorted to negative interest rates to deter investors from buying francs. In February 2015, Sweden’s Riksbank set its main policy rate to negative to weaken the krona. In January 2016, the Bank of Japan followed the same approach by introducing 0.1% charges on banks for parking additional reserves with the Bank, to encourage banks to lend and prompt businesses and savers to spend and invest.

Although its early intention was to stimulate lending transactions in the economy, empirical research has shown that negative rates are less accommodative, could pose a risk to financial stability if lending is done by high-deposit banks, causes the usual
transmission mechanism of monetary policy to break down due to lesser profits for banks and could contract the total effect on aggregate output.

**Shariah Views, Solutions to Negative Interest Rates**

From the shariah perspective, there have been concerns that negative interest rate policy could harm both the domestic and global economies. As far as Islamic shariah is concerned, the concept of Riba or prohibition of interest or usury does not differentiate between positive or negative interest rates. Both are riba.

Islamic financing instruments, especially those offering real-asset backed and profit-risk sharing features, could be a robust alternative to interest rate financing. Equivalent alternatives for interest-based loan transactions include Shariah-compliant models such as zero-profit-loan Qard Al-Hasan, cost-plus-profit of Murabahah sale contract, and risk-and-profit-sharing contracts of Mudarabah and Musharakah.

Specifically, the Mudarabah investment deposits offered by Islamic banks are perceived as the most similar model to interest-based money-lending transactions. To strengthen Islamic finance, we hope to promote Islamic financial instruments as a competitive alternative to conventional financial products.

However, one drawback of Mudarabah investment deposit instruments is its lower profit rate, in comparison to comparable interest-based instruments. More could be done to improve the operational aspects of Islamic financial institutions in order to increase the efficiency and lower the cost of financing, thus increasing the potential profit rate. This could help establish Islamic finance instruments as a robust alternative to interest-bearing instruments, whether positive or negative.

*This is the executive summary of a case study written by Muadz Abdul Jalil, as a requirement for the MIA Islamic Finance Mini Pupillage Programme.*

*You might also be interested to read the article on ‘Improving the Governance of Shariah Committees’ by Halimaton Mohamad.*

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Employing AI to Enhance Productivity and Business Performance

By Nithea Nadarajah

Users with AI experience in multinational corporations (MNCs) and SMEs shared their insights at a panel discussion on “Experience Sharing by Professional Accountants in Business (PAIBs) and Small and Medium Enterprises (SMEs) adopting AI” at the recent RoBoCFO Workshop: Using Artificial Intelligence (AI) to Analyse Financial and Business Trends.

The panel was moderated by Tan Sai Hup, Executive Director of Malaysia Investor Relations Association (MIRA).

Below are the key insights on AI utilisation derived from the panel that MNCs and SMEs can leverage to improve their performance.

**MNC Insights**

*Managing the Data Gap*
MNCs are understandably the market leaders in adopting AI tools and techniques. They have the resources and funding and hence are in a better position to absorb shocks, if any, stemming from technology-related failures. S.B. Lim, Founder of S.B. Lim & Co, shared that in MNCs, AI tools lead to cost effective and efficient processing of data with fewer data gap issues.

Data gap issues could arise in various ways, as a result of inaccessible data or incomplete and inadequately evaluated data. “The lack of resources and expertise to analyse and extract meaningful information from the vast amount of data often makes data gap a pressing issue for most organisations,” said Lim.

*Outsourcing AI*
Outsourcing of AI is popular amongst MNCs, particularly to help manage high-volume
business activities and functions such as billings and customer service. For example, billings data from front-end processing systems will be mapped and outsourced to a service provider for the purposes of generating invoices, reminders, reports, and other relevant documents. Another example is where the AI-enabled chatbots would be able to easily insert voice data, which is then converted into text for analysis, for the purposes of predicting customer sentiments. The analytics obtained can be harnessed to improve customer service and create new marketing leads. The main benefits reaped from outsourcing are the reduction in recruitment, training and infrastructural development expenditures, said Lim, while challenges include upskilling existing staff to manage in a more automated environment.

**SME Insights**

*Leveraging on Cloud*
For SMEs on the other hand, the proliferation of AI technology, such as advancements in cloud computing and Information Technology as a Service (ITaaS) has resulted in a larger network bandwidth which has led to economies of scale, and lower unit costs. Powerful on-demand cloud subscription solutions now make it more affordable and easier for SMEs to harness AI.

*Establish a long-term technology adoption plan*
However, Lim cautioned SMEs on the need to establish a long-term technology adoption plan within their organisations, backed by proper research and planning. Thereafter, SMEs have to ensure that the right technology provider is identified to ensure that the appropriate tools are integrated within the business for maximum benefits and to ensure the success of an AI adoption.

*Tailor AI to Your Business Model*
The AI solution chosen by an SME must be suited to its business model to optimise performance.

One core benefit of using AI is that SMEs can reduce their headcount while improving productivity. With AI interwoven in business operations, it only requires a small workforce to run an extremely profitable concern, asserted Balasubramaniam, Founder of RBS & Associates.

SMEs are encouraged to hire more “millennial employees” as their tech-savvy skills could greatly contribute to creating a sustainable “AI-friendly” working environment and further boost automation and productivity.

*Accountants as AI Advisors*
As more traditional accounting tasks become automated, accountants especially in SMEs can move up the value chain to take on the role of advisors, to their organisations, that are the backbone of the economy. “Accountants need to leverage on AI,” advised Balasubramaniam.
Expectations of clients in the current age have changed. Accountants, to remain relevant have to be more than just ‘compliance-based accountants’ to add value. “AI tools available ‘at a click of a button’ provide access to a wealth of information obtained from a wide range of sources, and this is extremely useful for advisory-related assignments”, he added.

**How AI Works**

M. Nazri, President & Group CEO of MyFin Group explained that the data obtained from the AI process, both structured and unstructured, is fed into a cognitive thinking system with a powerful set of combinations. This system will digest and analyse the data and thereafter generate advice based on the following steps:

- What happened?
- Why did it happen?
- What is going to happen in the future?
- What are we going to do about it?

As an example of AI in lifestyle application, if you post a photo on social media such as Facebook, facial recognition features used by Facebook will automatically identify the people in your uploaded photos and will recommend that people tag your photo.

**Real-life AI Uses**

A strong AI engine will be able to think, reason and provide recommendations. Nazri explained that the possibilities are endless with IA.

For example, AI can help businesses with scenario planning to ensure that risks and opportunities are intelligently managed.

AI can be further sub-divided into specific areas, such as risk/compliance, customer/procurement and strategic/finance which are designed to work either exclusively or cohesively across functions, depending on user needs.

In finance, a credit bureau organisation will be able to automate its credit analysis functions which include applying relevant filters for swift calculation and report generation for comparative analysis, benchmarking, valuation, due diligence and many other purposes.

In the audit sector, accountants can leverage on AI tools which use referential data-driven insights and a combination of financial and non-financial analysis, to assist in audit planning, risk assessment and even 100% testing.

Companies of different sizes and across industries are thus advised to adopt AI that suits their business model to drive performance, concluded the panellists.
MIA is the statutory body established under the Accountants Act 1967 (‘the Act’) to regulate and develop the accountancy profession in Malaysia. MIA operates under the purview of the Ministry of Finance and is empowered by law to regulate the accountancy profession, thus making MIA membership mandatory for those holding themselves out or practising as an accountant. MIA’s responsibilities include training and quality assurance as well as enforcement towards its members to maintain professional competency, credibility of the profession and the protection of public interest.

Disciplinary proceeding against a member can be initiated by way of a complaint from any persons made to the Registrar of MIA pursuant to Rule 3 of the Malaysian Institute of Accountants (Disciplinary) (No.2) Rules 2002 (‘the Rules’) or an Inquiry based on a decision of a court of law pursuant to Rule 18(2) of the Rules or by the complaints from the Financial Statement Review Committee and the Practice Review Committee of MIA.

All complaints made to the Registrar shall fulfil the requirements of Rule 4 of the Rules failing which the complaint will not be processed. Once the complaint is registered, the Registrar will issue a Notice of Complaint (‘NOC’) setting out the particulars of the complaint, inviting the Respondent to give written explanation on the complaint alleged
against him and stating whether the Respondent wants to be heard by the Investigation Committee ('IC'). At this stage, no finding of fact nor investigation is involved but only administrative issuance of NOC based on the complaint/allegation(s) received.

When the time specified in the NOC has elapsed, the Registrar shall refer the matter to the IC for investigation wherein the Respondent will be invited to give written explanation. At this stage, the IC is empowered to request for documents for purposes of investigation from the Respondent and any other member. Refusal of any member of the Institute to comply is an offence and can be convicted. Pursuant to Rule 9 of the Rules, upon investigation, the IC either refers the case to the Disciplinary Committee ('DC') with a report stating the IC's findings or dismisses the complaint.

Once the complaint is referred, the DC will proceed to conduct the hearing against the Respondent giving him notice of the same attaching the IC’s Report stating that the Respondent will be given an opportunity to be heard and can be represented by an advocate and solicitor or a member of MIA. It is important to note that evidence before the DC shall be given orally or if necessary, by way of sworn affidavits. The DC is also empowered to proceed with the hearing if the Respondent fails to attend without lawful notice as provided in Rule 13 of the Rules. The IC will also be given the same opportunity when presenting their case during the hearing. Rule 17 of the Rules gives the DC mandate to regulate its own procedures subject to the Act and Rules. Upon hearing both parties, the DC will determine if the Respondent is guilty of an unprofessional conduct. If found guilty, the DC is empowered to impose combination of punishment(s) as set out in Rule 18(3) of the Rules based on the presented facts, aggravating and / or mitigating points. In cases involving serious misconduct, the DC can remove or suspend the Respondent. In discharging its function, the DC is also mindful that any directions or decisions made must be in line with natural justice.

As for cases initiated by the DC based on a court’s decision involving a member of the Institute pursuant to Rule 18(2) of the Rules for unprofessional conduct, offences relating to fraud or dishonesty or bankruptcy, it is to be noted that no finding of facts nor investigation are involved in the process. Only a due inquiry will be held and if the DC is satisfied with the facts, the DC will proceed to impose appropriate punishment set out in Rule 18(3) of the Rules.

If the Respondent is aggrieved by the decision of the DC, the member may within 21 days upon receipt of the decision of the DC appeal to the Disciplinary Appeal Board ('DAB') by giving a notice of appeal stating grounds of appeal together with the payment of costs imposed by the DC. Failing to pay the costs shall invalidate the appeal made to the DAB. It is to be noted that the appeal will be heard by way of written representation only. By virtue of Section 21(3) of the Act, after deliberation of the appeal, the DAB is empowered to confirm, reverse or vary the decision of the DC. The decision made by the DAB is final.

The decision of the DAB can only be challenged by way of a judicial review proceeding filed in the High Court by virtue of Order 53, Rule of Court 2012.
In a judicial review proceeding, the courts generally will not interfere into the merits of the matter but rather preside to determine whether the whole process of the disciplinary proceedings were lawfully held according to the Act and Rules. Judicial review application must be filed within three months from the communication of the DAB’s decision that is sought to be challenged (Para.1 Court of Judicature Act 1964 & O.53 r.3(6) of the Rule of Court 2012).

Prepared by,

Secretariat

Disciplinary Committee

Malaysian Institute of Accountants

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It’s claimed that consumers, businesses and governments will enjoy substantial upside as we shift towards greater adoption of digital payments. Substituting digital payments for cash can reap benefits from greater economic growth to less corruption, less crime, and increased worker productivity.

But how ready is Malaysia to become a cashless society? Certainly, the push from government and regulators is there. Recently, Finance Minister Lim Guan Eng lauded digital payment platforms as enablers that will prepare Malaysia for further digitisation and the shift to cashless. Bank Negara Malaysia has introduced the Interoperable Credit Transfer Framework (ICTF) which promotes fair and open access to a shared payment infrastructure. Businesses too are rising to the challenge – so much so that we currently have about 40 e-wallet providers in a highly fragmented market.

However, a lot of groundwork needs to be done and challenges ironed out to increase e-payments adoption. One, the right governance structure and data protection measures have to be in place to gain trust among consumers and stakeholders. Two, we have to educate consumers and businesses that e-payments don’t just enhance convenience and customer experience, but improves traceability and transparency of money flows. This in turn supports anti-corruption, anti-fraud and anti-money laundering measures.

As business partners and advisors, accountants are in the right place to advocate for greater use of e-payments to strengthen governance and business growth.

MIA’s payments-centric conference Going Cashless – Leveraging E-Payments in Malaysia, will help accountants get a handle on the A-Zs of e-payments solutions so you can help drive e-payments adoption, improve business performance, and fight corruption and graft.

Conference Highlights
• **Enabling Digital Payments – the Landscape and Opportunities**
  Peter Schiesser, Group CEO, Payments Network Malaysia (PayNet) will introduce key electronic payment services in Malaysia, and highlight opportunities for businesses to increase efficiency and reduce costs through the adoption of electronic payments. Syahrunizam Tan Sri Samsudin, CEO TNG Digital Sdn Bhd and CEO Touch ‘n Go Sdn Bhd, will map out what a future cashless society will look like in Malaysia, the ongoing journey to e-payments adoption, and the impacts on business and people.

• **Lessons from E-Payment Adopters**
  The Chief’s Strategic Discussion – “Sink or Swim in the E-Payment Ocean” will share lessons from early adopters of e-payments, and focus on the journey, challenges and investment required for adopting e-payments. “Breaching Your Cyberdefences” will feature two panel sessions. In Panel 1, you can watch a real-time hacker at work in ‘See Jack Hack’ while Panel 2 focuses on governance and trust in the digital age and the role of accountants in ‘Securing cash in a cashless world’.

• **Decision-making Help**
  “The Perfect Fit: Choosing the Right Cashless Platform for Optimum Results” helps you to compare and choose from the many cashless platforms and solutions available in the market currently.

• **Reporting Help**
  “Making Reporting Easy – Integrating E-Wallets with Automated Accounting Systems” discusses how to automate accounting data capture for easy filing and data management, and integrate these seamlessly with your e-payments solutions.

*Make a date with us at the New Currency – Going Cashless Conference on 23 April 2019 at Connexion Conference and Event Centre @ Nexus, Bangsar South, Kuala Lumpur. For more information, visit www.mia.org.my or contact Marti / Azlina at mcu@mia.org.my*

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Rolling out big data analytics in the public sector can enable better policy and service design to make the most of squeezed budgets, especially in vital areas like healthcare and social services.

In support of nation-building, MIA’s Data Intelligence & Analytics Conference 2019 for the Public Sector will share how big data analytics can be used to evaluate and execute policies that are laser-focused to prevent wastage, fraud and error.

Of course, adopting big data analytics in the public sector comes with its fair share of challenges. One is to explain the business case properly in order to get buy-in for big data implementation. Key to acceptance is to overcome barriers such as poor data access and sharing, resistance to change, complexity and skills mismatch.

Another challenge for the public sector is to improve its protection of customer data. This Conference will also examine best practices for data sharing and governance to build an effective data governance framework, and share tips for enhancing data protection.

Other countries too are exploring big data analytics to improve public sector delivery. The Conference will assess big data adoption experiences of other countries and see how the Malaysian public sector can replicate successes and avoid pitfalls.

Finally, the Conference will conclude with a live demonstration of artificial intelligence (AI) in action in selected public sector scenarios, courtesy of MIMOS.

**Accountants as Champions of Data**

To further drive big data adoption, there is a need to train champions of data to manage and interpret the data, and communicate the insights and benefits of data to public sector organisations and decision-makers. MIA’s vision is to upskill public sector
accountants and finance professionals to become data analysts and interpreters. By combining their financial intelligence with precise insights drawn from big data analytics, public sector accountants can help policymakers and decision-makers deliver the most efficient and effective public policies.

So, do join this forward-looking Conference to find out how you as a public sector accountant can become a champion of data for the public sector, adding more value and future-proofing yourselves.

The MIA Data Intelligence & Analytics Conference 2019 for the Public Sector will be held on 30 April 2019 at the Connexion Conference & Event Centre @ Nexus Bangsar South, Kuala Lumpur.

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Hey, Future Self, Why Didn’t You Get That Certification?

By Margaret Michaels

Professional certifications are difficult endeavours. Even though technology has made it far easier (with online self-study and practice exams), time and effort are still required. Often people have to pursue professional certifications at their own expense and spend their few non-working hours doing test prep. But the pay-offs can be worth it: increased credibility and recognition from peers and superiors that you know a thing or two about the job you are doing. Certifications are also the thing that prevents your future self (who may have just been passed over for a promotion or rejected from a firm that they really want to work for) from experiencing the regret of never having tried.

Certifications are a stamp for professionals that they have expert knowledge and are part of a larger professional community. Not many people know the strict credentialing standards professional associations must meet in order to offer certifications.

A good sign that a credentialing body is keeping pace with changes in technology, management, and the roles and demands of industry professionals is if they conduct on-job analyses. These analyses can reveal if a certification needs to be updated to stay relevant. For instance, IMA® (Institute of Management Accountants) recently undertook a comprehensive job analysis to identify areas where the CMA® (Certified Management Accountant) certification needed to be updated to keep pace with changes brought on by digitisation and the increased use of automation in the profession.

What resulted were updates to the CMA, taking effect in January 2020. A recent Accounting Today article discussed the topic, noting areas where questions would be “beefed up.” These include data analytics and other forms of technology, as well as ethics and decision-making.
As employers increasingly leave professional development and training up to workers to pursue on their own, certifications like the CMA are a critical tool for workers. Forbes coach Natasha Bowman has written about the benefits of certification which include:

- Affordability
- Less time-consuming than degree programmes
- Expedient way to develop industry-specific skills

Recruiters who are in the know about the value of certifications offer this advice:

“Certifications certainly can make a difference, but not all certifications are created equal.”

So do your homework. Glassdoor has recently published a list of “8 Certifications That Actually Impress Recruiters.” Because this is an accounting/finance blog, I would be remiss if I did not include a list of the “Accounting Certifications Employers Really Want to See” from Robert Half. In many cases, according to Robert Half, CFOs support certifications by either paying for all the costs (33%) or some of them (39%).

If you don’t try, you can’t fail. But the long-term rewards that certification offers will not be available to you and someday you may just find yourself caring less about failing, and more about succeeding.

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By Johnny Yong

What does the SMP landscape look like in Malaysia? Drawing on the 2018 IFAC Global Survey of SMPs, these are some of the key highlights from the Malaysian data that both SMPs and MIA as the developer and regulator of the profession can use to build capacity and competency.

**Practice Fee Revenues**

The biggest proportion of revenues for 2018 was still generated by auditing and assurance services in Malaysia at 42%, which is higher than the global average at 38% but lower than the Asian region (59% sourced from audit and assurance), the latter of which is skewed due to the responses from China.

Next biggest was the provision of accounting, compilation and other non-assurance services (NAS) at 28%. Although higher than Asia as a region (13%), Malaysian SMP revenues from NAS were lower than the global average (32%). The percentage of fees from advisory services at 12% was also relatively low when benchmarked against Asia (17%) as well as globally (16%).
This indicates that there is room for Malaysian SMPs to diversify further into NAS, and strengthen revenues. For 2019, Malaysian SMPs project a moderate to substantial increase in fees for tax and advisory. This is the reverse of global projections, where advisory/consulting is forecast to experience the fastest growth among the four service lines at 51%, followed by tax at 40%.

Investment in Training and Technology

Malaysian SMPs surveyed expect to invest the following percentages of revenue in training and technology in the next 12 months, as compared to Asian and global SMPs surveyed.

How much would be a recommended ratio for revenue investment in technology? A recent article in the Economist noted that the Big Four firms are investing north of 10% of their annual multi-billion dollar revenues in technology. This is certainly food for thought for Malaysian SMPs when planning their technology investment strategy, as the way forward lies in digital and tech adoption.

Business Advisory and Consulting Services
Globally, corporate advisory and management accounting, excluding tax planning, is still the main form of business advisory and consultancy that SMPs provide. Tax planning is categorised under the broader banner of Tax Services.

Globally, 86% of SMPs offered some form of business advisory and consulting services as compared to 84% of Malaysian SMPs and 85% of Asian SMPs.

**Most Critical Challenges**

In Asia, the top four challenges for 2018 were pressure to lower fees (53%), competition (47%), rising costs and managing cash flows (36%) and attracting new and retaining existing staff at 34%. Globally, the top challenges were pressure to lower fees (48%), attracting new and retaining existing clients (46%), competition (46%) and keeping up with new regulations and standards at 45%.

Over 70% of SMPs in Malaysia raised the difficulty of attracting next-generation talent, compared to Asia (61%) as a region and globally (54%). Asked, they cited the shortage of talent with the right skills as well as talent’s expectations of flexible working arrangements and improved work-life balance.
IFAC understands that MIA is engaging proactively with all stakeholders within the talent ecosystem, including employers and institutions of higher learning as well as aspiring accountants, to help equip next generation accountants with the requisite skills to meet employers’ demands.

Commendably, Malaysian SMPs are planning to initiate these strategies over the next 12 months to manage these talent challenges:

Apart from technical training and direct incentive and rewards, nearly half of the Malaysia respondents are contemplating the implementation of flexible working hours to retain staff over the next 12 months. This should assuage demand for flexibility from talent and improve the talent shortage conundrum.

In term of technology development, Malaysian SMPs are planning these initiatives over the next 12 months:

Responses to Technology Development (Next 12 Months)

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Malaysia</th>
<th>Asia</th>
<th>Global</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development of in-house skills and expertise in IT (e.g. dedicated IT personnel)</td>
<td>14%</td>
<td>37%</td>
<td>49%</td>
</tr>
<tr>
<td>Adoption and use of cloud options for clients’ interface and servicing</td>
<td>19%</td>
<td>31%</td>
<td>32%</td>
</tr>
<tr>
<td>Expanded geographical reach in servicing of clients</td>
<td>22%</td>
<td>29%</td>
<td>32%</td>
</tr>
<tr>
<td>Provision of business insights from data analytics as a new service offering</td>
<td>27%</td>
<td>20%</td>
<td>18%</td>
</tr>
<tr>
<td>Recruitment of non-accountants (e.g. IT specialists, data scientists)</td>
<td>14%</td>
<td>11%</td>
<td>32%</td>
</tr>
</tbody>
</table>
However, it is worrying that more than one-third (36%) of the SMPs in Malaysia reported zero technology development. This number is higher than that of Asia as a region (25%) and globally (26%), and could affect Malaysia’s competitiveness especially as the digital economy and IR4.0 gain momentum. IFAC welcomes MIA’s advocacy in helping SMPs embrace technology through initiatives such as the MIA Digital Technology Blueprint, the MIA SMP Roadmap and the MIA RoboCFO Pilot Programme that leverages analytics for better financial insights.

**About the Survey**

This Malaysian perspective is drawn from IFAC’s 2018 research into SMPs. Between mid-March to mid-May of 2018, IFAC ran a global survey of SMPs, attracting 6,258 respondents from 150 countries, including 107 Malaysian SMPs.

The most highly represented regions in the survey were Europe (39%) and Asia (36%) with each comprising over one-third of the respondents. The lowest was from Australasia and Oceania at 1% only. The countries with the highest number of respondents were as follows:

<table>
<thead>
<tr>
<th>Countries with Greater than 100 Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
</tr>
<tr>
<td>-------</td>
</tr>
<tr>
<td>1,410</td>
</tr>
</tbody>
</table>

Consistent with the prior IFAC Survey, a majority of the respondents were from smaller practices i.e. sole proprietors (30%) and practices with two to five partners and staff (34%). For Malaysia, out of the 107 respondents, two-thirds were either partner, owner or sole-proprietor. Hence, these respondents were highly knowledgeable of their own practice performance as well as challenges.

Consistent with many regions, most of the respondents from Malaysia were male (64%) and the average age groups that responded were between 25 to 35 (29%) and between 36 to 45 (36%).


*Johnny Yong is the Technical Manager, Global Accountancy Profession Support, International Federation of Accountants*

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Improving the Governance of Shariah Committees

By Halimaton Mohamad

There are ongoing debates on key issues related to the appointment of a Shariah Committee as an advisor to an institution, relating to independence, competency and conflict of interest, and transparency and disclosure.
Independence and Conflict of Interest

Firstly, the issue of independence arises due to the payment received by the Shariah Committee members’ involvement in product structuring. This hampers the objectivity of its advisory role as well as reporting made to the Board.

In addition, it is believed that the management also influences the Shariah Committee in deriving their opinion.

However, this issue will be addressed through the new policy document on Shariah governance, where Shariah Committees are required to have an established methodology in coming out with their opinion, and the management is required to abstain themselves during the Shariah deliberation process.

Competency

Secondly, Shariah Committees are expected to enhance their competency level with regards to the finance and banking business. There is a need to build up a pool of Shariah scholars who are experts in finance and banking as well as fiqh research related
to Islamic finance.

However, the Association of Shariah Advisors (ASAS) in Malaysia is currently tackling this issue by introducing the Certified Shariah Advisors programme, which aims to certify and scale up the competency of Shariah advisors locally and globally.

**Disclosure**

Third, with regards to disclosure, Shariah Committees have been questioned over two issues. One, the nature of work performed in coming out with the Shariah Committee report. Two, the extent of transparency of disclosure, specifically the absence of disclosure on Shariah non-compliant income by the majority of Islamic financial institutions.

As of 2010, the central bank has increased the requirements for disclosure of non-compliant income and method of purification, as well as the beneficiaries of the Shariah non-compliant income. However, only a few banks disclosed the information in their financial report.

Through the future policy document, the Shariah Committee is expected to form an opinion on the Shariah Committee Report based on a specific methodology that will be developed by the Islamic finance institution.

However, this may create a different methodology in coming out with a Shariah opinion and creating another debate in the industry on the methodology. Therefore, this issue may need ASAS’s attention to develop a set of transparent methodology, standards and guidance in disclosing a Shariah opinion.

**Shariah Committees are still relevant**

In today’s landscape, the Shariah Committee’s role is still crucial in ensuring a Shariah-compliant environment risk culture, regardless of the structure of the Shariah governance framework.

A matured Islamic financial system will only exist when the practitioner and regulator in the industry can assimilate the Shariah component in the existing corporate governance framework, without the need to have a separate Shariah governance framework.

This will enable Islamic finance entities to behave like a typical business organisation which evolves naturally in terms of the resources needed and products offered, i.e. employing or training talent on the necessary skills, appointing necessary competent individuals to sit on the Board and demonstrating product uniqueness and differentiation in line with the business needs.

However, maturity is foreseen to only become a reality when the industry has a sufficient pool of competent talent on Shariah, Shariah-savvy Board and management, robust regulations and highly educated consumers on Islamic finance.
This is the executive summary of a case study written by Halimaton Mohamad, as a requirement for the MIA Islamic Finance Mini Pupillage Programme.

You might also be interested to read the article on ‘Comparing Negative Interest Rates Policy & Mudarabah Investment Deposits’ by Muadz Abdul Jalil.

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New opportunities with ACCA INternary and ACCA ExpertLink

April 22, 2019

University boost

Accountancy students at Malaysia’s public universities now have the opportunity to fast-track their journey with the launch of the ACCA INternary programme.

The first-of-its-kind scheme is a collaboration between ACCA, public universities and ACCA Approved Employers. It provides accountancy undergraduates with an accelerated pathway to attain a professional qualification while acquiring the industrial experience required to qualify as an ACCA member, all within two years of graduation.

The participating universities are Universiti Teknologi MARA (UiTM) and Universiti Malaysia Terengganu (UMT), with more expected to join. The ACCA Approved Employers are Maybank, PwC, Deloitte, EY, KPMG, Baker Tilly Monteiro Heng, Grant Thornton Malaysia and Paramount.

ACCA INternary: towards 2025

The ACCA INternary programme supports the Ministry of Higher Education’s effort to strengthen work-based flexible learning through its 2u2i mode of learning. This enables the blending of classroom and internship, as envisioned by the Malaysia Education Blueprint 2015-2025.
ACCA chief executive Helen Brand said that ACCA INternary will develop well-rounded graduates who are well prepared for the accountancy sector.

‘The universities’ commitment to teaching ACCA papers in the degree programme will ensure students are well supported in their ACCA journey,’ she said. ‘Meanwhile, the employers’ commitment to support the year-long internship provides the students with the relevant experience needed towards qualifying as ACCA members and also potential future employability.’

The programme was launched by Professor Dr. Noor Azizi Ismail, Deputy Director General in the Ministry of Higher Education. Also present were UMT Deputy Vice-Chancellor Professor Dr. Noor Azuan Abu Osman, UiTM Assistant Vice-Chancellor Professor Datuk Dr. Mustaffa Mohamed Zain, Brand and ACCA Malaysia head Edward Ling.

At the launch, Brand highlighted that ACCA’s research into the future of the profession found the younger generation places a high premium on experiential learning. ‘In surveying this generation, we found that they prefer on-the-job learning and other personalised training interventions such as mentoring and coaching, finding these most effective,’ she said.

Students will study on campus for three years and undertake one year of industry internship while also pursuing the ACCA Qualification. Selection will begin after year two and will require a CGPA of no less than 3.5 and a level of English proficiency. Students will spend six semesters on campus, with the first four following a standard course. Year three comprises an express programme with embedded ACCA papers while year four will combine internship with more papers.

**ExpertLink launches**

ACCA ExpertLink was launched by Helen Brand and Edward Ling in Kuala Lumpur in October. The first of its kind in the region, the 12-member panel brings together a select group of industry experts to advise ACCA on its thinking on current and future trends affecting the profession and business in Malaysia.
’As the Malaysia landscape evolves hand in hand with our accounting profession, there is a need to support our ACCA professionals with the latest information and best practices,’ Ling said. ‘That has opened up an opportunity for ACCA to form a platform made up of experts in their respective fields to help our people to stay on top of their businesses.’

Brand added that members’ input is important in the delivery of ACCA’s research and insights into the profession. ‘One of ACCA’s enduring strengths is its ability to offer the profession and our members a compelling global and local perspective,’ she said. ‘The fact we can call on input from the largest global family of professional accountants – 208,000 members across 179 countries – enables us to explore issues with unrivalled insight and scope.

‘As we’ve developed our insights, we’ve also drawn in more and more member perspectives. This gives what we produce added relevance and credibility, helping reflect back the global professional and economic picture to our membership and beyond.’

Brand cited ACCA’s Global Economic Conditions Survey, carried out with the Institute of Management Accountants, which is the largest regular economic survey of accountants in the world.

‘ACCA ExpertLink in Malaysia is the latest important example of us drawing on the unparalleled expertise of ACCA professional accountants and other valued experts,’ she said.

Brand outlined ACCA ExpertLink’s objectives: to bring together experts to advise and guide ACCA on its thinking on current and future trends and issues in Malaysia and globally; and to be a key part of ACCA’s thought leadership voice through ambassadors who will help propel the growth of ACCA in the region. The focus areas of the forum are tax, the public sector, digital and technology, market and business trends, and SMEs.

‘As our technical experts in market, our forum members will influence the direction of ACCA Malaysia’s policy positions on key issues, including consultation exercises from national and international standard-setting and regulatory bodies, and advise on initiatives such as events, publications, training and professional insights projects,’ Brand said.

‘In doing all this, ACCA ExpertLink will fulfil its most important role: preparing ACCA members for tomorrow’s challenges and helping future proof the next generation of ACCA professionals.’

**ACCA ExpertLink: who’s who?**

Jeffrey Chew, *group CEO, Paramount*

Datuk Amiruddin Abdul Satar, *president and managing director, KPJ Healthcare*
Datuk Wan Selamah Wan Sulaiman, former accountant-general Malaysia

Datuk Lock Peng Kuan, partner, Baker Tilly Malaysia

Datuk Seri Garry Chua, president, Malaysia Retail Chain Association

Puan Sharifah Najwa, senior director, SME Corp

Dr Ng Boon Beng, finance director, Oracle

Thillai Raj T Ramanathan, chief technology officer, MIMOS

Kevin Mitchell D'Cruz, regional IT head, Lazada, Alibaba

Thenesh Kannaa, partner, TraTax

Dr Choong Kwai Fatt, tax specialist, Kwai Fatt & Associates

Ng Sue Lynn, executive director, KPMG Malaysia
The MIA Data Intelligence & Analytics Conference 2019 for SMEs and Enterprises aims to help businesses leverage on big data & analytics to power performance. Starting with a macro view of data and drilling down into the common issues around big data & analytics adoption, this Conference is specially geared towards addressing the concerns and challenges of this business segment.

Conference Highlights

- **The Power of Big Data** – Setting the tone for the Conference, this session discusses the role of big data and analytics and how it offers myriad opportunities to improve marketing, customer engagement, decision making, and product development for businesses operating within the Malaysian context.

- **Artificial Intelligence (AI) & Human Touch** – Asking the existentialist question ‘Is it man vs. machine or man + machine?’ this session lists the pros and cons of AI, and compares the different AI processes in use across different industries.

- **Concurrent Tracks** – these cater to the different needs and interests of enterprises (Stream A) versus SMEs (Stream B).

- **Stream 3A** discusses the Rationale and Barriers to Big Data & Analytics Adoption, and offers enterprises insights into managing organisational barriers, data permission & sharing, systemic inadequacies and talent gaps that comprise the weak links to adopting big data analytics.

- **Stream 3B** asks whether SMEs can survive without Big Data & Analytics, as a tool for competitive intelligence. This session provides guidance for SMEs on adopting big data analytics, calculating the return on investment, and the pain points to watch out for.

- **Stream 4A** will examine the enterprise business case for Big Data & Analytics, while Stream 4B analyses the technological and cultural barriers to Big Data & Analytics within the SME workplace and how to overcome them.

Meanwhile, Stream 5A on Leveraging Machine Learning and Predictive Analysis guides
enterprises on how to harvest a higher volume of insights from data to support insights, trends, new business opportunities and decision making. Finally, Stream 5B on Getting Your Data Ready demonstrates how SMEs can establish a data-driven culture that harvests insights from overwhelming data and embeds Business Intelligence systems to heighten performance.

*If this sounds like your cup of tea, do sign up for the MIA Data Intelligence & Analytics Conference 2019 for SMEs and Enterprises which will be held on 29 April 2019 at the Connexion Conference & Event Centre @ Nexus Bangsar South, Kuala Lumpur.*

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