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# President's 2022 New Year Message

at [at-mia.my/2022/01/03/presidents-2022-new-year-message](https://at-mia.my/2022/01/03/presidents-2022-new-year-message)

January 3, 2022



On behalf of MIA, it is my pleasure to address you as we embark on a new year with fresh resolutions and aspirations to improve the profession and the ecosystem in which accountants operate.

In 2022, MIA will continue to prioritise initiatives to strengthen regulation and development for the benefit of our members and stakeholders and to support sustainable nation building. The key initiatives are as follows:

- MIA will continue to engage with the Ministry of Finance on the proposed new Accountants Act and its operationalisation to strengthen MIA's powers as the regulator of the profession.
- In the context of strengthening enforcement, MIA is considering reviewing the Practice Review process and rules to improve compliance and the quality of audits among public practitioners and firms.
- We will continue to exercise vigilance and adaptability with regards to COVID-19 and its impact, especially in the context of new variants of concern. This entails running virtual programmes to continually upskill members in the safest conditions in the endemic new normal, until further notice.



*Dr Veerinderjeet Singh, President*

To mitigate the impact of COVID-19, MIA will keep advocating to members, especially public practitioners, to strengthen their business continuity and operations sustainability to remain future-relevant. At the same time, do watch out for MIA's upcoming programmes to support members' psychological and mental health, which are critical as depression rates spiral upwards.



MIA will continue to emphasise on strategic collaboration with our stakeholders and diverse subject matter experts in order to achieve the future relevance of the accountancy profession, in areas such as sustainability, climate change and tax governance for sustainable business and nation building.

Finally, MIA would like to thank the outgoing MIA CEO Dr. Nurmazilah Dato' Mahzan for her leadership in managing the Institute. Dr. Nurmazilah has kindly extended her tenure by another month in order to support the Institute's work. Meanwhile, the Nominating Committee is in the process of shortlisting and interviewing suitable candidates for the position of the Chief Executive Officer.

I would also like to thank all our members for your continuing support and commitment to MIA and the profession. MIA will continue to liaise and engage more with members to appreciate your issues and challenges and incorporate these into our efforts. I hope that you will continue to avail yourselves of MIA's numerous initiatives in order to upskill yourselves for the future relevance of accountants in the digital post-pandemic economy.

Working together collaboratively, let us take the profession to new heights in 2022. I wish you all a happy and more prosperous year ahead. May you achieve your aspirations and resolutions for the year and do stay safe.

To share more on the Institute's initiatives for 2022, MIA is currently preparing an outlook video. Please keep a look out for this upcoming video.

**Dr Veerinderjeet Singh**

*President*

*Malaysian Institute of Accountants*

# Best Practices Through Adversity

at [at-mia.my/2022/02/25/best-practices-through-adversity](https://at-mia.my/2022/02/25/best-practices-through-adversity)

February 24, 2022



*By Xero Malaysia*

The role of accountants today is more important than ever. The pandemic brought economic uncertainty and a host of difficulties to many businesses globally. Accountants are instrumental in helping their clients navigate the unprecedented business challenges, sustain operations and leverage governmental relief packages. While we enter into a phase of recovery, now is the time to look back at how practices in Singapore have fared over the past 18 months, and the learnings they can take moving forward.

In spite of the challenges, there has been one clear upside — the acceleration in tech adoption. According to Xero's latest annual report, over half (56%) of practices in Singapore say they were able to take advantage of their client's changed attitudes to implement new technology. Tech isn't only beneficial to SMEs, but also proves advantageous to accounting practices themselves. For example, practices with a greater proportion of clients that use client accounting software have more clients on average than those who don't (52 clients vs. 31 clients on average). The net impact of this translates to additional revenue.

In a competitive market, there is no excuse for practices to waste time on manual tasks that can be easily automated, from invoice processing, purchase order matching to payment reconciliation. The time freed up can be spent instead on creating value through decision support, by interpreting and analysing data to make recommendations.

As a trusted advisor, accountants can and should encourage clients to shift to tech solutions. Data shows that practices have a great deal of influence over the accounting software used by their clients, with six in ten (62%) saying that the software they

recommend gets adopted by their clients. Given the level of trust clients place on their accountants, it is important that accounting professionals share their expertise in recommending software, instead of leaving it to a client's suggestion. This helps reduce the load on internal software training and streamlines workflow.

There are other missed opportunities for accountants that do not take on an advisory role. Looking at revenue generated by Singaporean practices over the past year, compliance services account for 62% of revenue, while advisory services account for only 35%. This shows significant potential for practices who have yet to take on an advisory role. To demonstrate, for those in simple advisory practices, startup mentoring offers the highest revenue potential, averaging \$53,349 in annual revenue. This is perhaps unsurprising, considering that over 50,000 new businesses are formed on average in the city-state each year, according to the Singapore Department of Statistics. For those in complex advisory practices, audit and other assurance services show the highest revenue potential.

Overall, accounting and bookkeeping practices appear to have held their ground through the pandemic, with almost two-thirds of practices reporting that revenue has stayed the same (25%) or increased (39%). This is a testament of their inherent value and contribution to existing and new clients that are turning to advisors to help sustain and grow their businesses during these critical times and adopting new ways of work.

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# Leading ESG, Charting Sustainability

at [at-mia.my/2022/02/07/leading-esg-charting-sustainability](https://at-mia.my/2022/02/07/leading-esg-charting-sustainability)

February 7, 2022



Sustainability risks are the main threats to business and life today and in the future, and they're increasing in intensity and impact. Recently, the World Economic Forum's latest Global Risk Report 2022 ranked climate inaction, extreme weather and biodiversity loss as the top three global risks by severity over the next ten years. Here in Malaysia, we have already experienced the devastating impacts of climate change in the recent floods, lived through the health and economic crisis triggered by the COVID-19 pandemic believed to have a zoonotic origin, and deforestation activities in the name of economic development which releases stored carbon back into the atmosphere as carbon dioxide (CO<sub>2</sub>) contributing to global warming.

To manage these sustainability risks, businesses need to rethink and re-evaluate their impacts on environment and society and take corrective action in the form of environmental, social and governance (ESG) initiatives. As financial and strategic experts, accountants will have to help steer their organisations in thinking through and implementing their ESG agenda for long-term business resilience and sustainability.

To support accountants in navigating the latest developments in ESG and sustainability, the Malaysian Institute of Accountants (MIA) is proud to present the MIA International Accountants Conference 2022, coming to you virtually for the second year as a state-of-the-art meeting and exhibition platform that facilitates connectivity, learning and collaboration.



Watch Video At: <https://youtu.be/goiOU6txRKQ>

Focused on the theme of Leading ESG, Charting Sustainability, the MIA International Accountants Conference 2022 is designed to guide accountants on how organisations can adopt and integrate ESG issues such as climate change, carbon reporting and sustainability into the business agenda, while harnessing technologies and digital tools for long-term agility, resilience and relevance. Come join the profession's global leaders and over 3,000 local and international delegates at this Conference that is geared to transform and future-proof accountants for a world that is being irrevocably shaped by digital disruption as well as the global ESG and sustainability agenda.

[Click here](#) to learn more about the MIA International Accountants Conference 2022.

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# Have You Ever Wondered When Is The Best Time To Change Your Accounting Software?

at [at-mia.my/2022/02/23/have-you-ever-wondered-when-is-the-best-time-to-change-your-accounting-software](https://at-mia.my/2022/02/23/have-you-ever-wondered-when-is-the-best-time-to-change-your-accounting-software)

February 22, 2022



*By Auto Count Soft Team*

It's that time of year again when you're probably spending time cleaning out your house, getting rid of the clutter, and making room for what's to come. But spring cleaning doesn't just apply to homes anymore. Business owners can also take advantage of this wonderful time of year to get organised and improve by spring cleaning their business, including looking at changes to their business systems. So, is the beginning of New Year the best time to change your software? Perhaps.

As time goes by, you may realise the old accounting system limits your functionality as your business and customer mix becomes more complex. But the real question is – how do you know when is the best time to switch? Whatever the reason, the start of the new year may be as good a time as any to do away with an old accounting system that's slowing your business processes down.

**Let's take a quick look at the 4 key factors you should keep in mind during your search for an accounting software solution to help you make your decision easier.**



## **1. Determining the right software for your businesses**

One of the fundamental methods of choosing the right software for your business is determining how your business operates. Choose an accounting software comprising all the tools and functionality you need to improve your company workforce and growth. Considering both your business needs and accounting skills, if your company makes \$100,000 a year, it will have different accounting needs and requirements than the one that makes millions in a year. When it comes to accounting software solutions, there will be various kinds of options to choose from, including those designed specifically for small and medium-sized enterprises. This is important because the application you choose can significantly impact how your revenue is managed. Another vital factor to consider: even though accounting software can make your bookkeeping task easier, some expertise is still required to learn the software. Luckily, there is an accounting software available that provides training courses & online tutorials to help you manage.

## **2. Beginning of the year**

Switching to a new accounting system at the beginning of the year has several advantages. This is because it gives your company a clean break before reporting for the new year. This can be beneficial as the company does not need to carry a part of the year's finances as a lump sum. Companies will have a complete 1-year detailed history at the end of the year. By contrast, starting mid-year brings the complication of having x number of months information in one accounting package and then the remaining months in another. So, having two software packages running alongside each other, even temporarily, will create more work and also increase the chance of errors.

## **3. Bang for your buck**

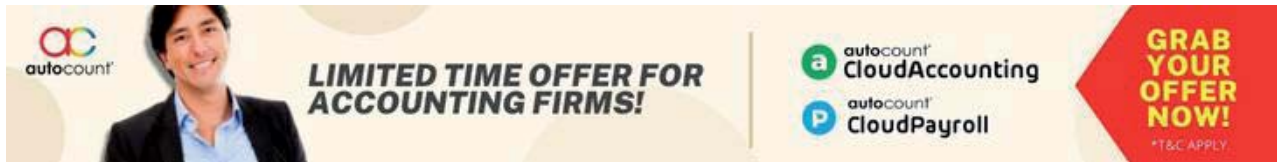
Who doesn't love a good deal? We know we do! Various accounting software provides all sort of available budgets that fits your accounting needs. General software for a broader user experience with minimal functionality may be downloaded for free or bought off the shelf at low prices. However, if you are seeking specialised software that fits specifically for your industry, be prepared to pay a premium. Hence, selecting accounting software with sufficient functionality and scalability is more sensible to accommodate your business growth.

## **4. Consider cloud application**

With cloud computing becoming more efficient in modern-day business, it is no surprise that everybody is jumping on the bandwagon due to its countless benefits. The way we work is changing; with an Internet connection from any location, you don't need to purchase any installation or server to run them. Not only that, updates and installation will be done on the server end, so you don't have to worry about any software update costs. Cloud applications can also be accessed from different devices such as PCs, tablets, laptops, or mobile phones. Furthermore, your company reporting data is secured and protected in its cloud ecosystem, which is not located in your physical company location. This is to prevent them from any danger in the event of a natural disaster like flash floods or other harmful events.

At the end of the day, whichever accounting software you choose, remember that you aren't committed to it for life. Since there is various software with countless perks to choose from, your decision shouldn't be taken lightly. You definitely do not want to commit to one software application only to realise that you have to switch to another just a few months later.

To learn more, [click here](#).



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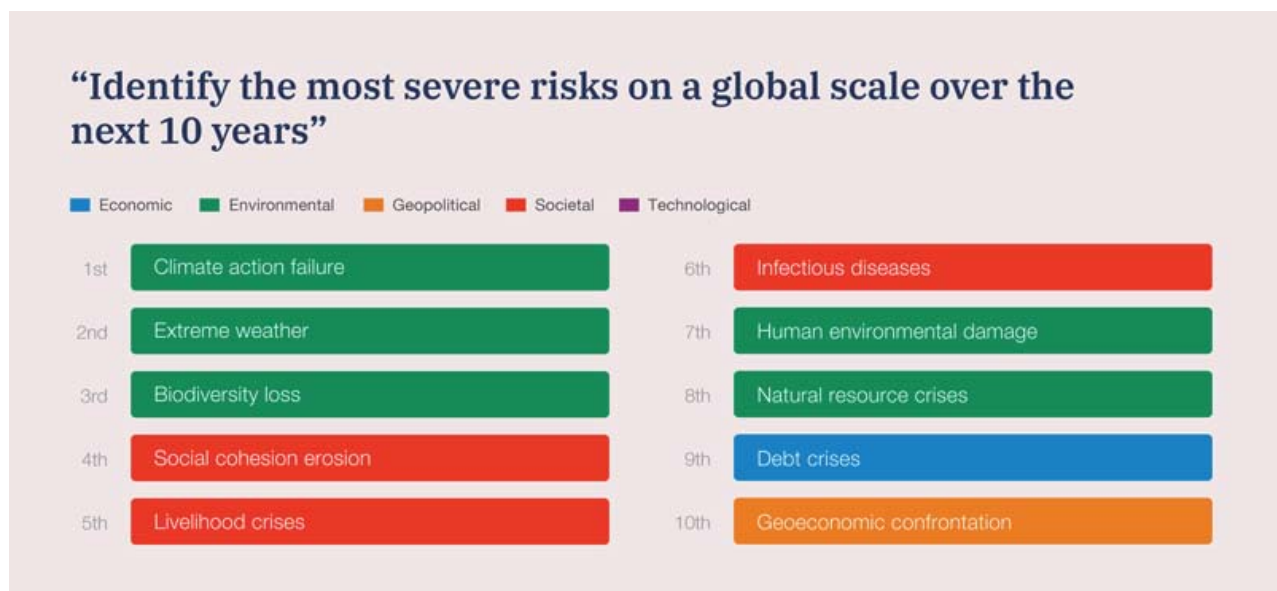
# Integrating ESG to Drive Business Growth

at [at-mia.my/2022/02/03/integrating-esg-to-drive-business-growth](https://at-mia.my/2022/02/03/integrating-esg-to-drive-business-growth)

February 3, 2022



Climate risks are already becoming commonplace, as can be seen by the 2022 Tonga tsunami and the Malaysian mega floods of 2021. Unsurprisingly, the World Economic Forum's latest Global Risk Report 2022 ranked climate inaction, extreme weather and biodiversity loss as the top three global risks by severity over the next ten years.



**Source:** WEF Top Ten Global Risks By Severity over the Next Ten Years

To help mitigate the climate crisis, ESG action for sustainable development will be critical and requires collaborative action from both public and private sectors. Here in Malaysia, the government has signalled its increasing emphasis on sustainability and climate action via the 2022 Budget, including incentivising zero carbon neutrality and looking into a



domestic carbon trading market to control Malaysia's greenhouse gas emissions and hit the carbon targets. This is supported by recommendations and requirements on green financing, sustainable investment and ESG disclosure issued by powerful regulators such as Bank Negara Malaysia, the Securities Commission and Bursa Malaysia and state pension fund, the Employees Provident Fund. As drivers of the economy, large corporations can help to lead climate action for long-term sustainability by relooking at their purpose, and integrating ESG matters into their business model.

While corporations are increasingly aware of the business case for ESG, the next step is to recalibrate existing strategy and operations to become more sustainable in the long run. At a panel session on Integrating ESG to Drive Business Growth, held at the recent MIA CFO Conference, MIA CEO Dr. Nurmazilah Dato' Mahzan in her opening presentation stated that accountants can take the lead in ESG and that new ESG skillsets are needed for long-term enterprise sustainability.

"Accountants play different roles in driving the oversight and implementation of ESG. Within the management team, the CFO is always at the heart of the organisation, and he or she is ideally positioned to understand what is happening within the organisation and its ecosystem. In the context of ESG, CFOs need to understand the risks, the opportunities and the strategies that need to be in place."

Accountants on boards, who are appointed as directors or chairpersons or members of the audit committee, are essential in governance and the organisation's take-up and traction of the ESG agenda, she added.

Dr. Nurmazilah also listed a range of new skills that accountants and CFOs will need to be effective in comprehending and implementing ESG issues and processes. While not exhaustive, these include:



Accountants will need to be able to assess and conduct M&A and valuation exercises that connect and integrate ESG as well, she added. Given their expertise in disclosure, accountants will also be tasked with preparing sustainability reports that take into account the data points required in the latest guidelines and disclosure requirements, along with

the preparation of integrated reports and other disclosures compliant with standards and principles such as GRI (Global Reporting Initiative) and Science Based Targets for zero carbon economy.

As assurance providers, accountants especially those working in internal audit will have to consider the reliability of ESG data, reports and metrics.

To ensure compliance, accountants will need to be abreast of the latest and diverse regulations and guidance locally and globally, including ESG guidance in the Malaysian Code of Corporate Governance (MCCG), the Bank Negara Malaysia Climate Change and Principle-based *Taxonomy* (CCPT), the UN SDGs (Sustainable Development Goals), ISO Standards on Environment and Climate Change, and guidance on Sustainable and Responsible Investment (SRI), at a minimum, advised Dr. Nurmazilah.

She then proceeded to moderate the panel session featuring Azizan Abd Aziz, CFO, Bank Islam Malaysia Berhad; Dr. Renard Siew, Head, Sustainability, MRCB; and Herbert Chua, Assurance Partner, PwC Malaysia. Below are some takeaways:

- Prior to drawing up a road map for sustainability, it is critical to ensure the **right tone at the top** to internalise an organisational culture of sustainability and ESG. The board has to drive the ESG agenda. It is insufficient to appoint a Chief Sustainability Officer or establish a sustainability department without board-level support and recognising sustainability as a board-level issue. Once the tone at the top is set, the rest will flow accordingly, such as setting the organisation's ESG priorities, establishing a framework and roadmap with milestones and targets, and driving increased awareness among management and operational employees.
- A corporation's **sustainability road map** must incorporate plans for concrete actions, specific interim targets, and defined timeframes en route to achieving the bigger goals of net-zero carbon by 2030 or 2050.
- **Science-based targets** to achieve net-zero carbon by a certain point e.g. 2030 or 2050 must be supported by the **transformation of organisational processes, controls and governance**.
- Emissions data is a pain point in ESG implementation and reporting. It is critical to **improve emissions data collection** across Scope 1, 2 and 3. Do consider putting in carbon footprint templates or carbon accounting systems and metrics.
- For better accountability and assurance, it would be helpful to **establish a data governance process** and to **bring in independent assurance** for these data sets.
- For greater effectiveness, **link ESG targets back to the performance evaluation and remuneration** of boards of directors and management.
- Organisations should **recruit talent from diverse fields**, especially STEM (science, technology, engineering and mathematics) to drive their ESG strategy and implementation.
- **Engaging external stakeholders** and communicating the organisation's ESG story is essential for success. As there are numerous frameworks and guidelines available for ESG reporting, organisations are recommended to adopt a particular framework and move forward.

- **Effective ESG disclosure** is transparent on measurement and data and should be linked back to business strategy and performance over the past, present and future.
- A **whole-of-nation game plan** with interim targets and milestones will be needed to mobilise the entire private sector towards ESG and sustainability, including small and medium enterprises.
- Business sustainability is beneficial for the sustainability of the economy and therefore **drives sustainable development and nation-building**.

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# Public Caution: Bogus Accountants

at [at-mia.my/2022/01/07/public-caution-bogus-accountants](https://at-mia.my/2022/01/07/public-caution-bogus-accountants)

January 7, 2022



The Oxford Learners dictionary defines the word 'BOGUS' as pretending to be real. On the other hand, the definition of an accountant is that a person whose job is to keep or check financial accounts.

According to Section 2 of the Accountants Act 1967 (**'the Act'**) and Rule 2 of the Malaysian Institute of Accountants (Membership and Council) Rules 2001 (**'the Membership Rules'**) which is to be read together with Rule 9(1) of the Membership Rules, a **chartered accountant** or a **licensed accountant** is defined as follows:

- must be registered as a member of the Malaysian Institute of Accountants (**'the Institute'**);
- practices as a sole proprietor or in a partnership;
- provides or is engaged in public practice services in return for a fee or reward for such services; and
- holds a valid practicing certificate issued by the Institute.

Furthermore, Section 18 of the Act prohibits members from carrying out the business of auditing under a company incorporated under the Companies Act, trade or association. Members can only carry out the business of auditing as sole proprietors or in a partnership firm with other members of the Institute.

These conditions are essential to ensure that the profession is effectively regulated to safeguard the public. Members who fail to possess these criteria and if found to breach the Act and Rules will be subjected to a disciplinary action of the Institute.

Persons who do not qualify with the conditions required under the Act and the Rules are simply known as the '**bogus accountants**'. These individuals basically provide Public Practice Services illegitimately to the public at large and are seen as a threat not only to the profession but also to the business and public at large. Bogus accountants make unlawful profits and deprive the nation of its rightful taxes. Bogus accountants who do not possess the required qualifications falsify accounts and provide fake information to the clients who have hired them.

Although the Institute does not have jurisdiction over these individuals, the Institute has taken serious and relevant actions to notify the authorities and the public at large of these individuals. When the Institute is made aware of these individuals, the information pertaining to these individuals is advertised in the newspapers to ensure the public is well informed and protected against these bogus accountants.

The public is advised to inform the Institute if they are made aware of information on any bogus accountants.

As the national accountancy body that regulates, develops, supports, and enhances the integrity of the accountancy profession in Malaysia, the Institute will continue to uphold the laws that regulate its members to ensure that members uphold integrity and are trustworthy to secure the credibility of the accountancy profession.

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# Cryptocurrency and Uncertainty

at [at-mia.my/2022/01/26/cryptocurrency-and-uncertainty](https://at-mia.my/2022/01/26/cryptocurrency-and-uncertainty)

January 26, 2022



*By Dr. Marizah Minhat, Dr. Mazni Abdullah, Dr. Nazam Dzolkarnaini & Dr. Noor Sharoja Sapiei*

In April 2020, we launched a research project that explores the risks and governance challenges of the market for cryptocurrencies. The research has been commissioned by the Malaysian Accountancy Research and Education Foundation (MAREF)<sup>1</sup> as part of the Priority Research Programme<sup>2</sup>.

Four categories of risk and corresponding governance challenges were examined during the study period: (1) information asymmetry and knowledge-gap risk, (2) opaqueness and criminal risk, (3) technology and security risk, and (4) speculative value and gambling risk.

Risk propositions were tested via several iterations of online survey and interviews that involved three stakeholder groups (i.e., accountants, market participants and wider stakeholders). Summarised below are selected key findings that were derived from a maximum of 191 survey respondents and 15 interview participants in Malaysia.

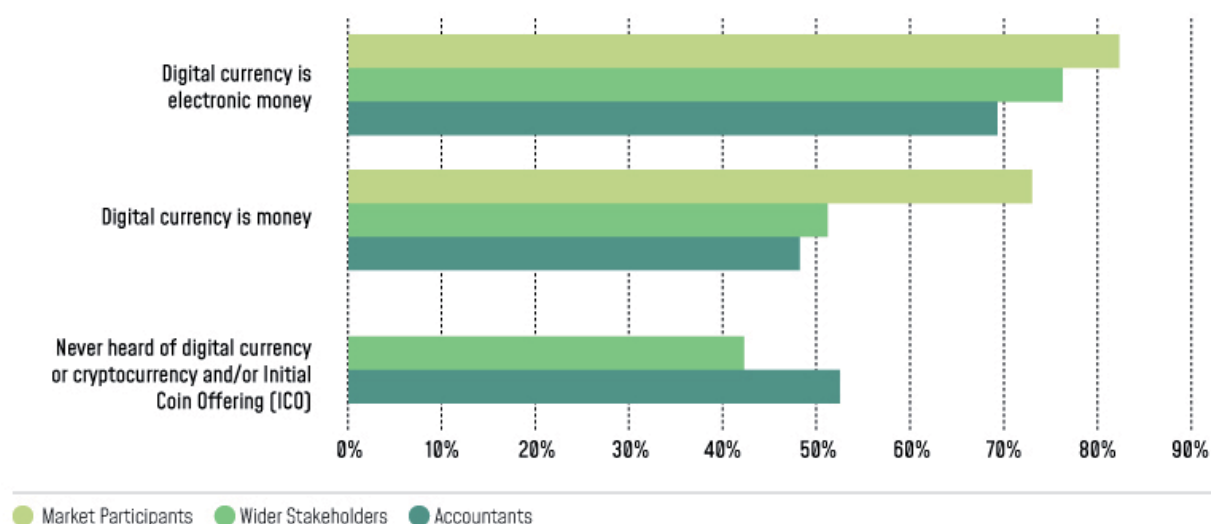
## **Information Asymmetry and Knowledge-gap Risk**

Cryptocurrency has been coined in several terms globally that describe more or less overlapping functions (digital currency, exchange tokens, virtual currency, etc.).

Regulatory instruments in Malaysia make reference to 'digital currency' rather than 'cryptocurrency'. The lack of a common taxonomy of this asset creates uncertainty.



**Figure 1** Information Asymmetry 'Percentage of Respondents Answered Yes'

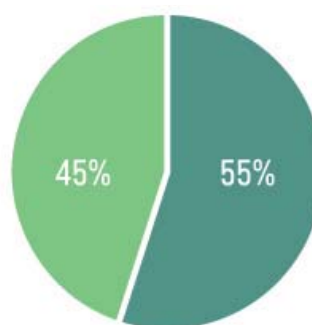


Knowledge gap amongst stakeholders stands as a primary source of risk and this is not unique to the less sophisticated segment of the society. We found that a significant percentage of accountants (52%) and wider stakeholders (42%) in our survey<sup>3</sup> had first-time learned about digital currency from the survey (see **Figure 1**). The majority of accountants in this survey concurred that they do not know enough about digital currency. Half of them responded that they are not interested in this digital asset.

The lack of awareness, knowledge and understanding of the market for cryptoassets is indeed echoed by EY (Woolard et al., 2021) even though previous media reports suggested that big firms such as KPMG, Deloitte, EY and PwC have plans for blockchain and crypto (Decrypt, 2020). Are smaller firms missing the opportunities?

**Figure 2** Digital currency and digital token are not distinguishable.  
(Market Participants)

Agree  
Disagree



Although digital currency and digital token are separately defined by the Securities Commission Malaysia (SC), more than fifty per cent of the stakeholders in our survey are not sure whether the two digital asset categories are distinguishable. Even market participants who are deemed experienced in digital assets are not necessarily sure of the difference (see **Figure 2**). Many of these participants also regard digital currency as electronic money albeit there are differences between the two.

Many of our survey participants are not sure whether digital currencies are legal tender. This knowledge gap is alarming as Bank Negara Malaysia has reaffirmed that digital currencies are not legal tender. Therefore, to what extent the announcement of the central bank has successfully reached the public is questionable. There seems to be an opportunity to improve the communication channel here. The public needs to be

enlightened more effectively as not everyone would read regulatory instruments. Although the Securities Industry Development Corporation (SIDC) has conducted short seminars on digital assets, to what extent these are impactful is questionable.

## **Opacity and Criminal Risk**

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Lack of transparency in the market creates uncertainty. The cyberspace where cryptocurrencies are traded and/or stored operates through opaque technology of cryptographic transfer process and Distributed Ledger Technology (DLT) commonly known as blockchain. From our interview, the President of a blockchain association revealed that those who are running mining operation do not necessarily have understanding of how the blockchain works. Our survey participants also perceive that some investors invested in cryptocurrency without fully understanding what it is and how it works. Thus some investors may be exposed to some unintended consequences of their naïveté.

Our survey also gathered many market participants' concerns that cryptocurrency markets are constantly disrupted by fake trading platforms, scams, frauds and thefts. There seems to be a unanimous view that the owners of cryptocurrencies are pseudonymous, in which only their IDs are known. The pseudonymous identity of the underlying beneficiary can impede investigations on the flow of money. Consequently, cryptocurrencies can be used to facilitate financial crimes (e.g., money laundering, terrorism financing and other illegal activities), as agreed by the majority of the market participants in our survey.

According to cybersecurity specialists in our interview, it is difficult to establish the individuals behind such cybercrimes. The Chief Operating Officer (COO) of a Digital Asset Exchange (DAX) suggested that cybercrime departments<sup>4</sup> may not have enough personnel that are fully trained in this aspect to handle the extent of scams around the country. The President of a consumer association views that an enforcement body has some catching up to do regarding their education and knowledge about dark web. Thus, education is suggested as a plausible governance measure to help mitigate cybercrimes and move the digital asset markets forward.

## **Technology and Security Risk**

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The sustainability of the underlying technology that supports cryptocurrencies is uncertain too. A concentrated reliance on the founder(s) of the protocols or the technical lead(s) was implied from our interview with a blockchain association. It was claimed that there were many protocols that went backwards in terms of the holdings and support when the leaders lost influence.

Our interview also revealed an honest opinion that anything digital is hackable. The market participants who responded to our survey also fully concurred that a digital currency is lost once the key or password is lost. As suggested by a cybersecurity specialist in our interview, private keys also can be stolen from an exchange's wallet

where transactions can then be executed against the will of the currency owners. However, more than half of the accountants and wider stakeholders in our survey were not sure if the key is that important, exposing naïveté amongst them.

Installing a robust custodial system is suggested by the COO of a DAX to mitigate the security risk. Access to a secure storage solution for cryptocurrencies that were seized for criminal cases under investigations is also needed by enforcement agencies, as suggested during our interview with cybersecurity specialists. However, according to a Co-Founder of a DAX, there was no properly regulated digital asset custodian in Malaysia. Thus, the three regulated DAXs in the country were using the same service provider that is based in the United States.

In a follow-up interview, representatives of a regulatory body suggested that there will be progress in this matter. We noted that the introduction of SC's revised Guidelines on Digital Assets (Guidelines) to regulate Digital Asset Custodians (DAC) came into force late October 2020. However, the effectiveness of this regulation in terms of compliance and consumer protection is subject to further research.



## **Speculative Value and Gambling Risk**

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In the United Kingdom, both the Bank of England and Financial Conduct Authority have acknowledged that cryptocurrencies or cryptoassets are held mostly as speculative assets by investors who hope their value will rise. The sale of crypto derivatives to retail clients is prohibited (Financial Conduct Authority, 2020).

The absence of fundamentals underlying cryptocurrency prices and trading activities was indeed acknowledged during our interview with a DAX's Co-Founder in Malaysia. It was revealed that speculators (including millennials) can just take advantage of a price



difference and make money from it. To what extent such a financial arbitrage strategy fits within *Shariah*'s spirit is a subject of interesting discourse.

Interestingly, almost half of the accountants in our survey agreed that cryptocurrency trading is more like gambling rather than investing. As managers of value, many of them believe that a cryptocurrency has no intrinsic value, no income stream or valuable asset that defines its value. Many of them also view that the cryptocurrency craze and bubbles were triggered by investors' instincts to make quick money.

During our interview, it was acknowledged by the President of a consumer association that many people have criticised cryptocurrency as something equivalent to gambling, and therefore *haram*. However, opinions are understandably mixed. Our survey also reveals clear evidence that the public is not entirely sure if digital currency is *Shariah*-compliant (Islamic). We hope the findings from this research have shed light on what was previously uncertain for the benefit of public interest.<sup>5</sup>

### **Public Interest Role of Accountants**

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The reported findings should trigger a sense of urgency for stakeholder's activism if regulators, supervisory authorities and enforcement agencies are not doing enough to protect the public against the risk posed by digital assets. Highly speculative assets can be detrimental to humanity (Minhat and Dzolkarnaini, 2019). If cryptocurrency is aspired to be money, which is a public good, accountants have to be more proactive in their role as public interest agents.

There are several challenges ahead. One of them is how would accountants measure and report the risks and rewards associated with cryptocurrencies? In Malaysia, one may argue that the standard setters are unlikely to develop a separate accounting standard to fit all situations when it comes to cryptocurrencies (Crowe, 2021). According to the IFRS Interpretations Committee (2019), IAS 2 *Inventories* applies to cryptocurrencies when they are held for sale in the ordinary course of business. If IAS 2 is not applicable, an entity applies IAS 38 *Intangible Assets* to holdings of cryptocurrencies.

However, in Europe, the Discussion Paper that was proactively developed by the European Financial Reporting Advisory Group (2020), has proposed other options for addressing IFRS related requirements, namely (1) update existing requirements for both holders and issuers of cryptoassets, and (2) develop a new Standard with explicit requirements for the accounting for cryptoassets (liabilities).

'Do nothing' or 'wait and see' directive can be costly on the nation's future as any unquantified (hidden) and unmitigated risks can spread systemically, faster than we would envisage. At the time of writing, the volume of digital assets traded in Malaysia has surpassed a billion, with value in excess of RM16 billion (Securities Commission Malaysia, 2021).

As income from cryptocurrency trading is taxable (Inland Revenue Board of Malaysia, 2021), there are also tax avoidance and evasion risks that should be mitigated for the sake of public finance. The challenges outlined here provide a great opportunity for the

MIA to lead the agenda with other interested stakeholders and to allocate resources for our concerted efforts to do what we can to protect and promote public interest.

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<sup>1</sup> MAREF is a trust body of the Malaysian Institute of Accountants (MIA).

<sup>2</sup> Priority Research Programme is a programme that drives the commissioning of research topics that are relevant to the accounting profession which is funded by MAREF Research Grants.

<sup>3</sup> The sample consists of accountants (16%), wider stakeholders (77%) and market participants (7%).

<sup>4</sup> Entities are not disclosed due to confidentiality.

<sup>5</sup> According to the resolution of the Shariah Advisory Council (SAC) of the SC, the discussions on digital assets in the SAC meetings are limited to digital assets that are regulated by the SC. As the global market for cryptocurrencies has grown from only 66 cryptocurrencies in 2013 to 6,044 in July 2021, it is not clear whether the resolution is applicable to all of them.

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# Ethics, Integrity & Trust Conference 2022

at [at-mia.my/2022/02/16/ethics-integrity-trust-conference-2022](https://at-mia.my/2022/02/16/ethics-integrity-trust-conference-2022)

February 16, 2022



A strong organisational culture built on ethics, integrity and trust has been proven to be vital to long-term sustainability and success. This explains why leading organisations today focus significant effort on designing and enhancing their governance, internal control, risk, and ethics functions.

Recognising this, the Ethics, Integrity & Trust Conference 2022 which seeks to inculcate these core values into organisational culture will focus on the theme of ***Navigating and Sustaining a Strong Organisational Culture.***

This special conference will enable you to gain insights and practical solutions to strengthen your organisation's culture and develop an organisational leadership style infused with ethics, integrity and trust.

The following are some highlights of this 2-day Conference:



#### CREATE A CULTURE OF ETHICS, INTEGRITY AND TRUST

This session will discuss how to implement clear policies, processes, and procedures, create a code of ethics and encourage accountability and ownership in your organisation.

#### THE CORPORATE LIABILITY PROVISION: SECTION 17A OF MACC 2009

Updates on the corporate liability provision under the MACC Act which carries the risk of making a company automatically liable for the acts of bribery of its "associated persons" which include its employees, directors and even its service providers. This session will set out the practical concerns under the legislation and guidelines, legal risks of non-compliance, investigation process, and possible defences.

#### RESPONSIBILITY TO PUBLIC INTEREST

Reviews the application of the fundamental principles, supplemented by professional standards and guidance to ensure that these are aligned with society's reasonable expectations of the profession's roles and responsibilities.

#### NON-COMPLIANCE WITH LAWS & REGULATIONS (NOCLAR): THE PUBLIC PRACTICE PERSPECTIVE & THE PAIB PERSPECTIVE

NOCLAR is a framework that requires professional accountants to take action in the public interest when they become aware of a potential illegal act. This session will focus on the key requirements, obligations, and impact on professional accountants in practice and in business.

#### THE RISE OF CRIMEWARE-AS-A SERVICE: PROTECT YOUR DATA FROM THE DARK WEB

Crimeware as a Service, or CaaS is becoming a more prevalent risk. Learn more on how to govern cyber and fraud risk in your organisation and to ensure that data privacy policies, standards, guidelines, and processes are appropriately enhanced, communicated, and complied with.

#### CASE STUDY & INSIGHTS: AML/CFT COMPLIANCE

AML/CFT controls, when effectively implemented, mitigate the adverse effects of criminal economic activity, and promote integrity and stability in financial markets. This case study demonstrates how following the money trail, identifying red flags, and understanding clients' business is an effective way of detecting and preventing the activities of fraudsters, money launderers and other organised crime networks.

#### WHISTLEBLOWING PROVISION: UNDER AMLA, MACC ACT AND THE CMSA 2007

Whistleblowing is an effective way to shine the light on corruption and bribery. Unfortunately, whistleblowers often face retaliation, and their disclosures are ignored. This panel discussion looks into the challenges and what is needed within the organisation as well as within the country (including legislation changes) to support whistleblowing.

To learn more, please [click here](#).

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# MIA Digital Economy and Reporting Insights (Oct – Dec 2021)

at [at-mia.my/2022/02/14/mia-digital-economy-and-reporting-insights-oct-dec-2021](https://at-mia.my/2022/02/14/mia-digital-economy-and-reporting-insights-oct-dec-2021)

February 14, 2022



The MIA Digital Economy and Reporting Insights provides quarterly updates on the areas of digital economy, tax and reporting. The Insights highlights content and initiatives that are of high value to members.



## Preparing Accounting Graduates for Malaysia Digital Economy

MIA launched a 'Report on a Study of Emerging Technology Adoption within the Accounting Programmes by the Higher Learning Institutions in Malaysia' at the National Accounting Educators Convention 2021: Emerging Technology Adoption on 23 November 2021. The *Report* addresses the future skillsets of accounting graduates in Malaysia and the incorporation of emerging technologies in the accounting programmes to ensure future relevance. The Report further analyses the approaches to incorporate the emerging technologies into the accounting programmes as well as the delivery of those topics including who best to deliver them. The Report is one of

the initiatives under the [MIA Digital Technology Blueprint](#) Operational Plan.

You can download the report [here](#) and view the launching video [here](#).



Watch Video At: <https://youtu.be/jPI7hO-IAw>

### Technology Adoption by the Accountancy Profession Survey 2022

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Back in 2019, the Institute carried out a similar survey and the findings have been used in the implementation of the MIA Digital Technology Blueprint (Blueprint). The findings of the 2019 survey can be read at Technology Adoption by the Accountancy Profession in Malaysia. It is now timely for the Institute to undertake this Survey to ascertain the progress since the 2019 survey. As digital adoption has been accelerated by the pandemic, the findings will provide insights to the impact of the pandemic on the accounting profession's digital adoption. This will also assist the Institute in identifying further initiatives to move the profession forward. Please [click here](#) to participate in the Survey and stand a chance to win a Grab and MIA vouchers!

### MIA Digital Month 2022

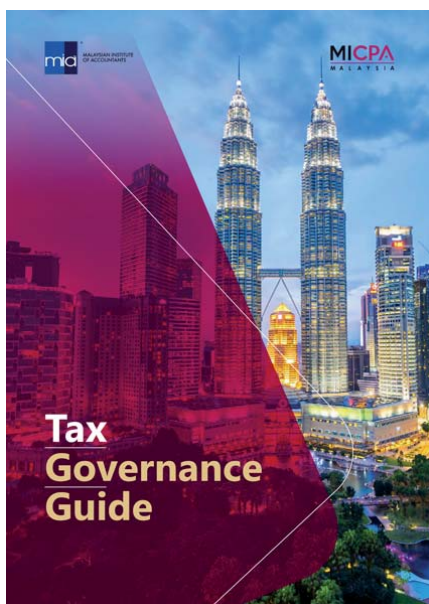
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For the first time ever, MIA will be organising MIA Digital Month 2022 (MDM 2022)! MDM 2022 is a virtual, month-long convention of digitalisation of the accounting profession in Malaysia. MDM 2022 aims to drive MIA's aspirations in supporting digital technology adoption by the accounting profession in Malaysia. Among the exciting highlights of MDM 2022 includes updates by MIA on its digital initiatives as well as sharing of success stories of digital technology adoption by companies and organisations. Members will also be equipped with the information on relevant technology trends in the profession. MDM 2022 will enable members to be updated with funding options available for their digital transformation journey. The grand finale of MDM 2022 will be the MIA's annual AccTech Conference that will further drive the digital transformation of the profession. To learn more about MIA Digital Month 2022 and the MIA AccTech Conference 2022, please click [HERE](#).

### Enhancing Reporting Practices through Tax Governance Guide

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On 18 November 2021, MIA and the Malaysian Institute of Certified Public Accountants (MICPA) jointly published the new Tax Governance Guide (the Guide) as part of the accountancy profession's advocacy for tax transparency and good reporting practices amongst listed issuers. The Guide provides guidance to the directors of listed issuers in reporting the management of tax matters affecting the corporations in their annual reports and enhances the tax transparency of the listed issuers.

## **2022 Budget Commentary and Tax Information**

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Annually, MIA, The Chartered Tax Institute of Malaysia (CTIM) and MICPA collaborate in the publication of a Budget Commentary and Tax Information booklet. The 2022 Budget Commentary and Tax Information booklet has been published right after the tabling of 2022 Budget Proposals on 29 October 2021. Members can locate the pdf copy of each section of the said booklet at [2022 Budget Commentary & Tax Information](#).

## **Tax Advocacy**

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During the quarter, MIA submitted the Joint Memorandum on Issues Arising from the 2022 Budget Speech and The Finance Bill 2021. The memorandum includes comments and suggestions on various issues for the consideration of the tax authorities including the repeal of exemption of foreign source income received in Malaysia by a person who is resident in Malaysia, imposition of Cukai Makmur (Prosperity Tax) and increase in stamp duty on contract note to trading of listed shares. [Circular No 3/2022](#) was issued to notify members pertaining to the gazetted Finance Act 2021 and the MOF's media release on foreign source income exemption and stamp duty remission on contract note.

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