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accountants today

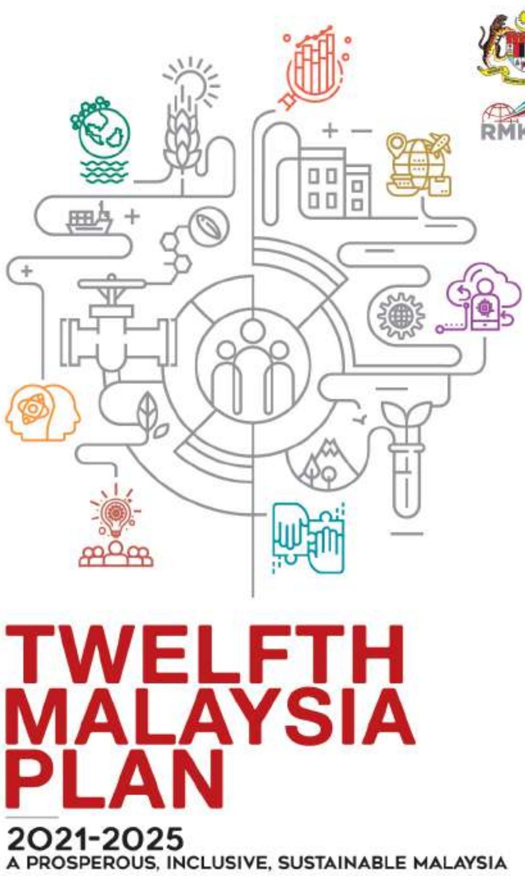
COP27 and the 12th Malaysia Plan (12MP) 2021-2025: Implications for Accountants

at-mia.my/2023/04/17/cop27-and-the-12th-malaysian-plan-12mp-2021-2025-implications-for-accountants

April 17, 2023

The 27th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP27) held on 20 November 2022 in Egypt addressed two critical issues facing the planet: one, highlighting the interlinkage between climate change and biodiversity and two, reaching an agreement whereby member countries are to establish a fund to compensate those countries prone to 'loss and damage' from climate-induced disasters.

In the local context, Malaysia has seen heavy rainfalls that caused floods and landslides in 2021 and, recently, in 2022. Observers attribute deforestation and climate change as the main cause of these natural disasters in Malaysia. Unfortunately, Malaysia may not be eligible for the loss and damage fund as the fund is meant for countries that are considered less developed.



An example of putting in place certain policies to address climate-induced disasters, the 12MP 2021-2025 showcases Malaysia's commitment to becoming a carbon-neutral nation by 2050 by targeting to reduce greenhouse gas emissions to 45 percent of the Gross Domestic Product (GDP) by 2030. This has presented challenges to publicly listed companies (PLCs) and small and medium sized enterprises (SMEs) to undertake green product innovation and strategise their sustainability transformation roadmap to achieve the net zero targets set in the 12MP and COP27.

As partners to businesses who work in every sector, professional accountants are expected to play a leading role in implementing sustainability strategies and supporting business in their sustainable transformation. This article looks at some key areas of impact for business and the profession and how accounting and finance professionals should respond.

Digitalisation and sustainability

Digitisation is critical to overcoming sustainability challenges. The culture of embracing digital technology within a business organisation will encourage sustainable innovation. Implementing sustainable digital technologies can reduce waste and make a business more energy efficient, ultimately reducing carbon emissions. Therefore, finance leaders have a pivotal role in allocating resources for digitalisation to achieve the United Nations' sustainable development goals, such as SDG12 [Responsible consumption and production] and SGD 13 [Climate action] goals.

Initiatives taken by the Malaysian Government to promote the environmental, social, and governance (ESG) agenda

(i) Transition to renewable energy

The National Energy Policy 2022-2040 was drawn up to aid businesses in transiting from fossil fuels to clean energy. The 12MP 2021-2025 introduced carbon pricing to encourage public and private companies to adopt clean energy mechanisms to reduce greenhouse gas (GHG) emissions. Carbon pricing is a method whereby an economic value is attached to carbon emissions by calculating a tax per tonne of carbon dioxide.

(ii) Voluntary Carbon Market (VCM) Exchange

The setting up of a voluntary carbon market (VCM) acts as an initiative for listed companies to mitigate their carbon gas emissions. The mechanism by which VCM works in carbon trading is that each company may be given a cap on how much GHG they are permitted to emit relative to their industries. Low-emission companies could sell their excess quota, while companies with a considerable carbon footprint could purchase that additional quota to meet their regulatory requirements. For VCM to be effective, there needs to be an efficient supply and demand market for carbon trading needs.

(iii) Introduction of FTSE ESG scores/index as benchmarks in the capital market

Domestic and foreign institutional investors evaluate companies listed in the Main and ACE markets on their ESG performance to reduce their exposure to both ESG and climate risks. Bursa Malaysia launched the FTSE Russell index to aid investors and institutional investors in making informed economic decisions. The specific indicators of climate change include greenhouse gas emissions, energy reduction, and targets. Bursa Malaysia has recently amended its listing requirements to enhance disclosures of common sustainability matters and indicators for both the Main and ACE markets and to align with the climate change-related disclosures of the Task Force on Climate-Related Financial Disclosures (TCFD) for the Main market and to require disclosure of a basic transition plan to a low carbon economy for the ACE market. This will promote greater accountability and transparency to stakeholders. In addition, the Securities Commission Malaysia (SC) introduced the Sustainable and Responsible Investment (SRI) Taxonomy to guide companies on the principles of economic activities that support ESG objectives and the SRI-Linked Sukuk Framework, which focuses on green social and sustainability goals.

Sources of sustainable finance

Financial institutions have become signatories to the UN Principles for Responsible Banking to support the transition towards a low carbon economy. Consequently, financial institutions incorporate ESG risk and ESG performance in their investment, insurance, and lending decisions. To achieve net zero targets set in the 12MP 2021-2025, businesses need to invest in green projects, such as the innovation of electric vehicles in the transportation industry, which should ideally be supported by sustainable finance. Maybank, for instance, provides Maybank Global Sustainable Equity-I Fund, Maybank Global Sustainable Technology Fund, and Maybank Global Environment Fund to ensure adequate resources are available to help their clients innovate and transform their business models to achieve sustainable growth. Financial institutions also issue sustainable bonds to companies to support green investments and technologies.

Competency of accountancy professionals in reporting and assurance

ESG reporting is multi-disciplinary, which includes the role of the accountancy profession. The Malaysian Institute of Accountants (MIA) has produced the MIA Competency Framework for CFOs in Public Interest Entities and MIA Competency Framework Finance Function in Public Interest Entities for accountants, which propagate the profession’s need to build their internal capacity, technical and professional competency skills to adapt to the changes in the corporate reporting landscape, especially in the use of technology as an enabling tool, to collect and process financial and non-financial information, and report to stakeholders.

Broadening the accounting educational curriculum on auditing and assurance enables accountants to be involved in providing assurance reports on climate change and sustainability data. The enhanced listing requirements on sustainability disclosures will require a statement of assurance on whether the disclosures have been reviewed internally by internal auditors or independently assured to give credibility to reported information. Therefore, the accountancy profession's role as external auditors will be significant in providing assurance on ESG data and sustainability disclosures.

Management accounting and use of financial and other data

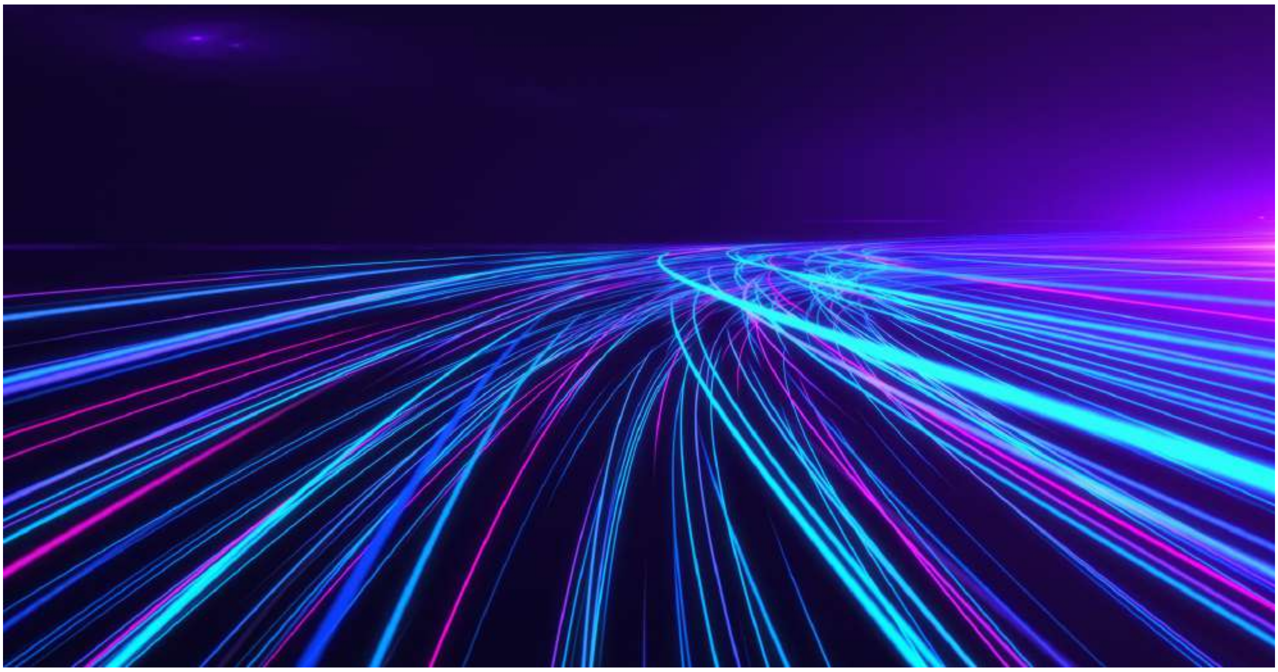
Knowledge of management accounting systems and finance taught in the accounting curriculum will enable the collection of emissions data, reporting, and monitoring of financial and other non-traditional data. The implementation of carbon tax depends on the credibility of carbon emissions data. This is important as the ESG reporting standards and Frameworks require disclosures by companies regarding Scope 1 (controlled source), Scope 2 (indirect emissions from the generation of purchased electricity, steam, heating, and cooling), and Scope 3 emissions (all indirect emissions throughout the supply value chain). Hence, the role of accountants as advisers will aid the board of directors in their governance, financial management, strategic decision making, and communication of these economic activities to stakeholders through more reliable sustainability reporting. In recent times, higher learning institutions have introduced fintech and digital technologies through data science and big data courses into the accountancy curriculum to ensure that accountants develop their technical and critical thinking skills to analyse data, including sustainability-related data, to add value to their organisations.

Dr Shyamala Dhoraisingam Samuel is a member of the Professional Accountants in Business Committee, MIA. She is also a lecturer at Monash University Malaysia campus.

Digital Technology Adoption Awards (DTAA) Launched to Recognise Digital Transformation in Accountancy Profession

at **at-mia.my**/2023/03/20/digital-technology-adoption-awards-dtaa-launched-to-recognise-digital-transformation-in-accountancy-profession

March 20, 2023

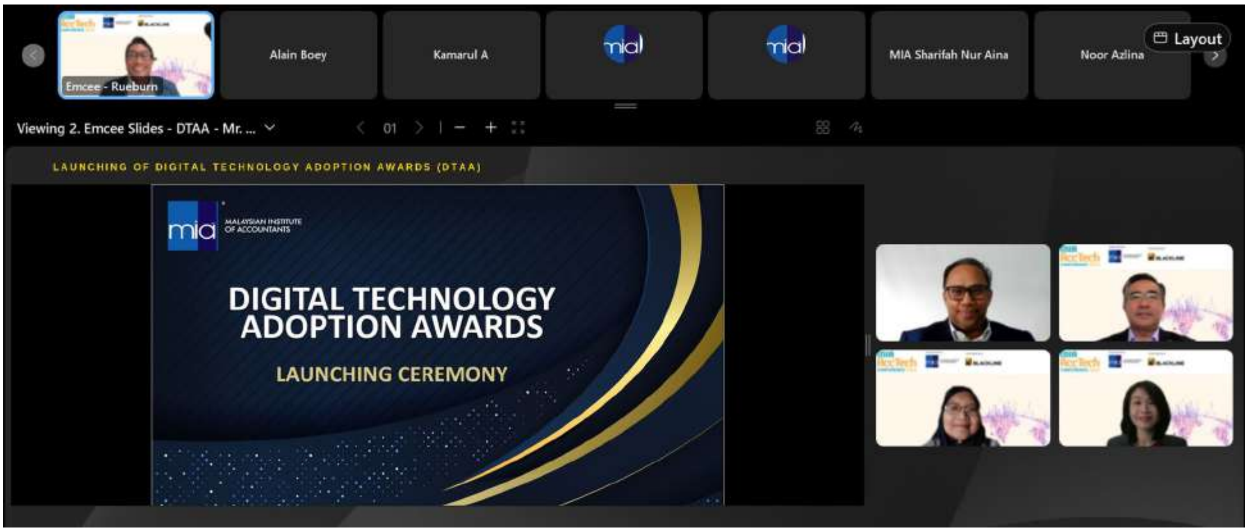


The Malaysian Institute of Accountants (MIA) recently launched the Digital Technology Adoption Awards (DTAA) as a platform for promoting digital technology adoption in the accountancy profession.

"The DTAA carves out a new niche in the Malaysian awards landscape as it specifically recognises remarkable achievements in technology application by the accounting profession in commerce and industry, public practice and public sector," said Mohamad Faisal Abdul Malik, Vice President, Malaysian Institute of Accountants in officiating the launch.

The DTAA was launched by Vice President, Mohamad Faisal Abdul Malik accompanied by CEO, Dr Wan Ahmad Rudirman Wan Razak, DTIC Chairman, Lim Fen Nee and DTAA Task Force Chairman, Dr Nurmazilah Dato' Mahzan during the MIA AccTech Conference 2023 (MIA AccTech) as part of the grand finale of the MIA Digital Month (MDM) 2023, with the theme of *Digital Evolution: Paving the Way Forward*.

The DTAA as well as the MIA AccTech are critical drivers for promoting digital adoption by the profession, in alignment with the MIA Digital Technology Blueprint that sets forth the direction for the accounting profession in Malaysia in responding to digital technology. MIA issued the Digital Technology Blueprint in 2018 which establishes FIVE principles to consider by accountancy professionals in developing action plans to respond appropriately to technology. Principle 3 relates to harnessing digital technology, whereby MIA's remit is to promote digital technology adoption and explore collaborations with relevant stakeholders.



How to Participate in the DTAA

The DTAA has 3 categories with a total of 58 awards to be conferred, and the DTAA submission deadline falls on **31 May 2023.**

The technology implementations recognised under the DTAA must centre around the roles of the accounting profession. For the commerce and industry category, the technology adoption is expected to provide enhancements or improvements in the finance function. For the public practice category, accountants are expected to retain, reimagine and innovate their practices and services. For the public sector, the technology adoption is expected to improve efficiency of daily operations and increase satisfaction of targeted users or customers.

"By recognising and awarding successful technology implementations in the accounting profession, the DTAA hopes to encourage others in the profession to emulate these success stories by undertaking their own digital transformation. The DTAA also intends to raise awareness of how accountants contribute to businesses and the economy through digital technology adoption," stated Mohamad Faisal.

MIA invites all members of the accountancy profession who have successfully transformed digitally to participate in the DTAA and share their success stories to inspire others. Participants will gain numerous benefits in terms of future proofing, enhanced market reputation, benchmarking, and attracting new business and talent, all of which can spur further trust and growth.

The DTAA launch was then followed by the MIA AccTech 2023 Conference, back by popular demand and now in its 6th edition. Held over 2 half-days, AccTech 2023 featured 11 expert speakers in 6 sessions that discussed highly relevant topics to accountants working in diverse organisations and sectors.

“It is MIA’s aspiration that the MDM, DTAA, AccTech and all our comprehensive digital initiatives will enable accountants to become future-proof, to create and add value to organisations, and to help develop the nation sustainably,” concluded Mohamad Faisal.

For more information on the DTAA, click here.

Financial Fraud & Forensics Conference 2023: Fighting Fraud at Every Step in Your Organisation

at-mia.my/2023/04/10/financial-fraud-forensics-conference-2023-fighting-fraud-at-every-step-in-your-organisation

April 10, 2023

By Mohd Faiz Othman

Fraud has tremendous and debilitating consequences, and the Malaysian government is rightly cracking down on financial fraud in its efforts to implement systemic reform and heighten good governance. According to PwC's Global Economic Crime and Fraud Survey 2020 – Malaysia Report, it was reported that 24% of the respondent suffers direct losses of USD1 million or more from financial fraud.

To help curb fraud, recent years have seen the spawning of new legislation, new auditing standards, new oversight of the accounting profession, and greater penalties for those who conspire to commit financial fraud.

As a regulatory body of the accountancy profession in Malaysia serving more than 38,000 members along with various partners and stakeholders, the Malaysian Institute of Accountants (MIA) is strongly advocating to strengthen the fight against financial fraud and protect individuals, businesses, and society in support of good governance and sustainability. Key to this is equipping professional accountants with the latest knowledge and tools to combat fraud and financial crimes effectively.

As such, MIA will be organising the **Financial Fraud & Forensics Conference 2023** on **8 May 2023** at Pullman Kuala Lumpur Bangsar from 9.00 a.m. – 5.00 p.m.

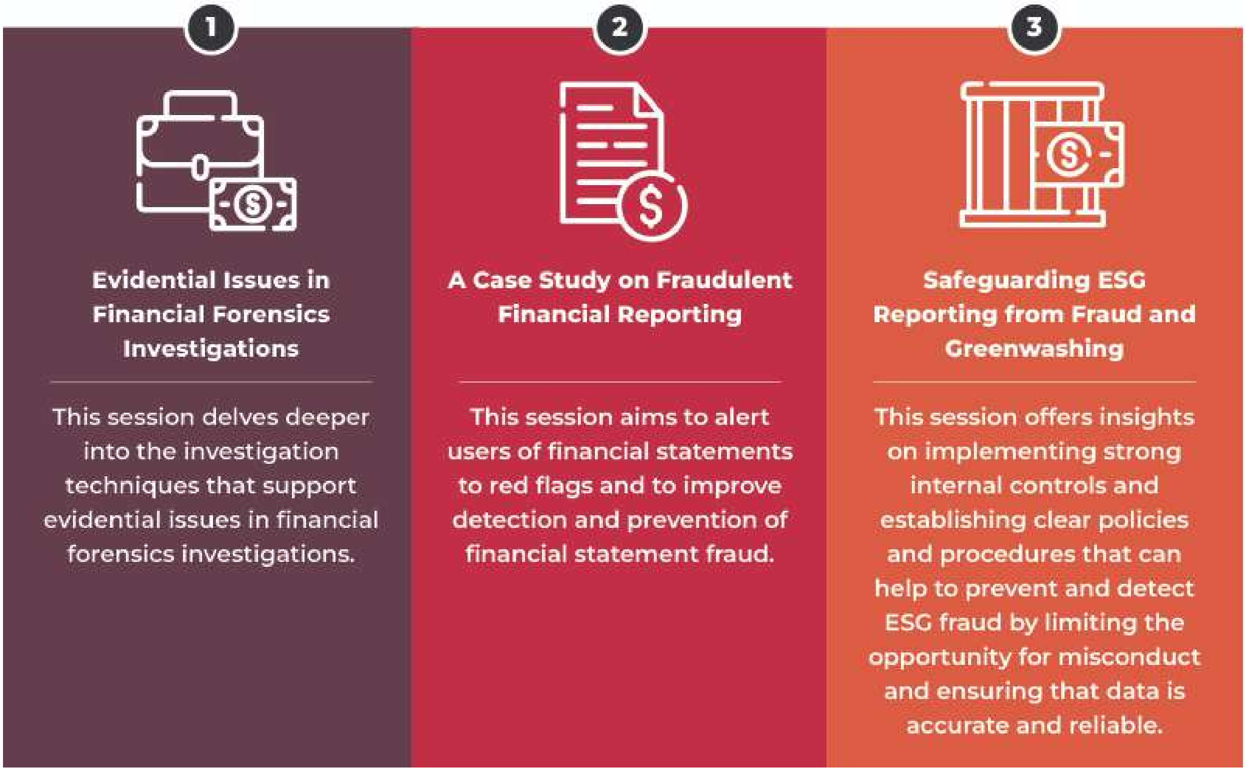
The Financial Fraud and Forensics Conference 2023 with the theme "***Fighting Fraud at Every Step in Your Organisation"***will feature experts from the financial industries to discuss and address the latest trends, issues, and challenges related to financial fraud and forensics. Delegates can expect to be updated on techniques and tips for:

- Detecting fraudulent Financial Reporting – through sharing of a case study that will convey effective methods to detect red flags, misstatements, and potential fraud in published financial statements.
- Customising comprehensive strategy with effective systems, controls, and risk management in your organisation which adequately comply to regulatory requirements.
- Establishing clear policies and procedures for collecting, verifying, and reporting ESG data for promoting transparency, accountability, and sustainability.
- Ensuring your organisation has appropriate safeguards in place to prevent, detect, and respond to instances of fraud and corruption by using the three lines of defence model.

The Conference will also feature Panel Discussions and Knowledge Sharing by reputable speakers as follows:

Panel Discussions

Knowledge Sharing



In addition to the latest industry developments, delegates will also learn new skills and techniques, and build their professional networks. Ultimately, this will help in strengthening competency and collaboration in the fight against financial fraud and better protect individuals, businesses, and society.

For more information on the Financial Fraud & Forensics Conference 2023, please click here.

Financial Reporting Disclosures: Going Concern Assessment and Disclosures

at-mia.my/2023/04/14/financial-reporting-disclosures-going-concern-assessment-and-disclosures

April 14, 2023

By MIA Financial Statements Review Department

One of the key areas commonly reviewed by the MIA Financial Statements Review Committee (FSRC) is on the application of the “going concern” assumption in the preparation of financial statements and the adequacy of the related disclosures in the financial statements.

Many businesses were affected by the challenges of the COVID-19 pandemic, which led to them facing a significant downturn in revenue, profitability and liquidity issues in the current economic scenario. This may raise concerns about an entity’s ability to continue as a going concern.

The going concern assumption is a fundamental principle in the preparation of financial statements. The assessment of an entity’s ability to continue as a going concern is the responsibility of the entity’s management. The management shall satisfy themselves that the going concern assumption used is appropriate in the preparation of the financial statements; and the appropriateness of management’s assessment is a matter for the auditor to consider on the audit of the financial statements.

Observation

Entities disclosed events or conditions that may cast significant doubt on the entity’s ability to continue as a going concern and management’s plans to deal with these events or conditions. However, there is a lack of qualitative disclosure that enables users to understand the going concern issue. Detailed explanation/ information surrounding the events or conditions that give rise to the material uncertainties as well as the significant judgement made in concluding the material uncertainties are encouraged for better clarity.

For example, disclosures observed state that the material uncertainties related to going concern are from the net current liabilities and loss-making position, and the disclosures also indicated that Covid-19 has brought uncertainties. However, the disclosure does not explain how the Covid-19 uncertainties affect the ability of the entity/group to continue as a going concern.

FSRC's Analysis

Paragraph 25 of MFRS 101 *Presentation of Financial Statements states* requires the management to make an assessment of an entity's ability to continue as a going concern. An entity shall prepare financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading or has no realistic alternative but to do so. When management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern, the entity shall disclose those uncertainties. When an entity does not prepare financial statements on a going concern basis, it shall disclose that fact, together with the basis on which it prepared the financial statements and the reason why the entity is not regarded as a going concern.

If the management concludes that the going concern basis is appropriate, but material uncertainties exist in relation to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern, it should disclose:

The material uncertainties related to the principal events or conditions that give rise to significant doubt on the entity's ability to continue as a going concern;	Management's plans to deal with these events or conditions; and	State that there is a material uncertainty related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern and, therefore, it might be unable to realise its assets and discharge its liabilities in the normal course of business.

Disclosure in the financial statements is expected when material uncertainty exists related to events or conditions that, alone or in aggregate, may cast significant doubt on the entity's ability to continue as a going concern.

Entities should also consider the overarching disclosure requirements in MFRS101 which may include:

- Disclosure on significant judgements that the management has made in concluding there are no material uncertainties/ going concern assumption is appropriate. [MFRS101.122]

- Disclosures on the information about the assumptions it makes about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year. [MFRS101.125]

In making the disclosure, entities should give a clear explanation of the triggering events or conditions that may cast significant doubt on the entity's ability to continue as a going concern and the material uncertainties. Also, it is encouraged to disclose additional qualitative information in relation to how the uncertainties occur and the management's plans to deal with these events or conditions. The disclosures should be as specific as possible about how the entity is affected. Boilerplate disclosures should be avoided.

In evaluating the adequacy of such disclosures, International Standards of Auditing (ISA) 570 (Revised) *Going Concern* indicates that the auditor shall consider whether the financial statements:

1. Adequately describe the principal events or conditions that may cast significant doubt on the entity's ability to continue as a going concern and management's plans to deal with these events or conditions; and
2. State clearly that there is a material uncertainty related to events or conditions which may cast significant doubt on the entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

In addition to specific disclosures that may be required regarding a material uncertainty about the entity's ability to continue as a going concern, disclosures of risks may assist users of the financial statements to better understand the entity's financial position, financial performance and cash flows.

For those entities that are significantly affected by the current economic conditions (e.g. global economic slowdown, inflation, labour shortage and other conditions arising from the Covid-19 pandemic), management needs to consider how to address the risks arising from the current economic conditions in their financial statements (e.g. liquidity risks) and provide sufficient disclosures to enable users to understand the effects of material transactions and events on the information conveyed in the financial statements.

If management fails to make a proper assessment of the entity's ability to continue as a going concern, or did not disclose the material uncertainties that may cast doubt upon the entity's ability to continue as a going concern, the financial statements would not reflect the actual circumstances that are being encountered by the entity.

Illustrative / Guidance

What should management look out for in the assessment of the status of going concern of an entity?

Examples of events or conditions that, individually or collectively may cast significant doubt on the entity's ability to continue as a going concern are set out below. This listing is not all-inclusive nor does the existence of one or more of the items always signify that a material uncertainty exists.

Financial

- Net liability or net current liability position.
- Fixed-term borrowings approaching maturity without realistic prospects of renewal or repayment; or excessive reliance on short-term borrowings to finance long-term assets.
- Indications of withdrawal of financial support by creditors.
- Negative operating cash flows indicated by historical or prospective financial statements.
- Adverse key financial ratios.
- Substantial operating losses or significant deterioration in the value of assets used to generate cash flows.
- Arrears or discontinuance of dividends.
- Inability to pay creditors on due dates.
- Inability to comply with the terms of loan agreements.
- Change from credit to cash-on-delivery transactions with suppliers.
- Inability to obtain financing for essential new product development or other essential investments.

Operating

- Management intentions to liquidate the entity or cease operations.
- Loss of key management without replacement.
- Loss of a major market, key customer(s), franchise, license, or principal supplier(s).
- Labour difficulties.
- Shortages of important supplies.
- Emergence of a highly successful competitor.

Others

- Non-compliance with capital or other statutory or regulatory requirements, such as solvency or liquidity requirements for financial institutions.
- Pending legal or regulatory proceedings against the entity that may, if successful, result in claims that are unlikely to be satisfied.
- Changes in law or regulation or government policy that are expected to adversely affect the entity.
- Uninsured or underinsured catastrophes when they occur.

The significance of such events or conditions often can be mitigated by other factors. For example, the effect of an entity being unable to make its normal debt repayments may be counter-balanced by management's plans to maintain adequate cash flows by alternative means, such as by disposal of assets, rescheduling of loan repayments, or obtaining additional capital. Similarly, the loss of a principal supplier may be mitigated by the availability of a suitable alternative source of supply [Paragraph A3 of ISA 570 (Revised)].

It is crucial to note that what constitutes a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern is a matter of judgement involving:

- An assessment on the magnitude of the potential impact of the unfavourable events or conditions and the likelihood of occurrence; and
- The ability of the entity to adopt realistic strategies that might mitigate that uncertainty.

Implications on financial statements

The possible scenario from management's assessment of going concern and the implication on the financial statements are illustrated as follows:

	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Scenario	No significant doubts about going concern (i.e. no material uncertainties)	Significant doubts about going concern but mitigating actions judged sufficient to make going concern appropriate. Entity determines no material uncertainties.	Significant doubts about going concern but mitigating actions judged sufficient to make going concern appropriate. Material uncertainties about going concern remain after considering mitigating actions.	Intends to liquidate or to cease trading, or no realistic alternative but to do so (i.e. not a going concern).
Basis of preparation	Going Concern			Alternate basis (not going concern)
Disclosure	No specific disclosures required with regards to going concern	Disclosure requirements apply to the significant judgements made in concluding that there are no material uncertainties. [MFRS101.122]	• Disclose material uncertainties related to events or conditions that may cast significant doubt on entity's ability to continue as going concern. • Explain why going concern basis is being adopted and the management's plan to deal with these. • State clearly that there is a material uncertainty related to events or conditions which may cast significant doubt on the entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business • Disclose the significant judgements made by management in concluding the going concern assumption is appropriate. [MFRS101.25]	• Disclose that financial statements are not prepared on a going concern basis. • Explain the basis for concluding why entity is not a going concern and the basis on which financial statements are prepared. [MFRS101.25]

Management should consider the disclosures of risks and other disclosure requirements that may be relevant to the going concern assessment, including:

- Major sources of estimation uncertainty about the carrying amount of assets and liabilities [MFRS 101.125-133]
- Defaults and covenant breaches [MFRS 7.18-19]
- Risks arising from financial instruments, including liquidity risk [MFRS 7.31-42]
- Undrawn borrowing facilities and any restrictions on the use of those facilities such as covenant requirements [MFRS 107.50(a)].

Implication on auditors' report

The possible scenario and the implication on the auditors' report are illustrated as follows:

	Scenario 1	Scenario 2		Scenario 3		Scenario 4	
	Financial statements prepared on going concern basis	Use of going concern basis of accounting is appropriate				Use of going concern basis of accounting is inappropriate	
		Events or conditions identified but no material uncertainties exist		Events or conditions identified and material uncertainty exists		Events or conditions identified and material uncertainties exist	
		Adequate disclosure on events or conditions identified is made	Adequate disclosure on events or conditions identified is not made	Adequate disclosure of material uncertainty is made	Adequate disclosure of a material uncertainty is not made	Financial statements prepared using going concern basis; in auditor's judgement, the use of going concern basis is inappropriate	Financial statements prepared on another basis (other than going concern basis). Auditor determines that the other basis of accounting is acceptable and adequate disclosure is made
Auditors' report	Unmodified opinion	Unmodified opinion and may determine one or more matters relating to the conclusion on going concern are key audit matters* [ISA 570.20 and A25; ISA 701.A41]	Modification to the opinion [ISA 705(Revised)]	Unmodified opinion and include separate section under the heading "Material Uncertainty Related to Going Concern" [ISA 570.22]	Qualified opinion or adverse opinion, as appropriate. [ISA 570.23]	Adverse opinion [ISA 570.21 and A26]	Emphasis of Matter [ISA 570.21 and A27]

**Key audit matters apply to audits of complete sets of general purpose financial statements of listed entities and also when the auditor is required by law or regulation to communicate key audit matters in the auditor's report [ISA701.5]*

Key message

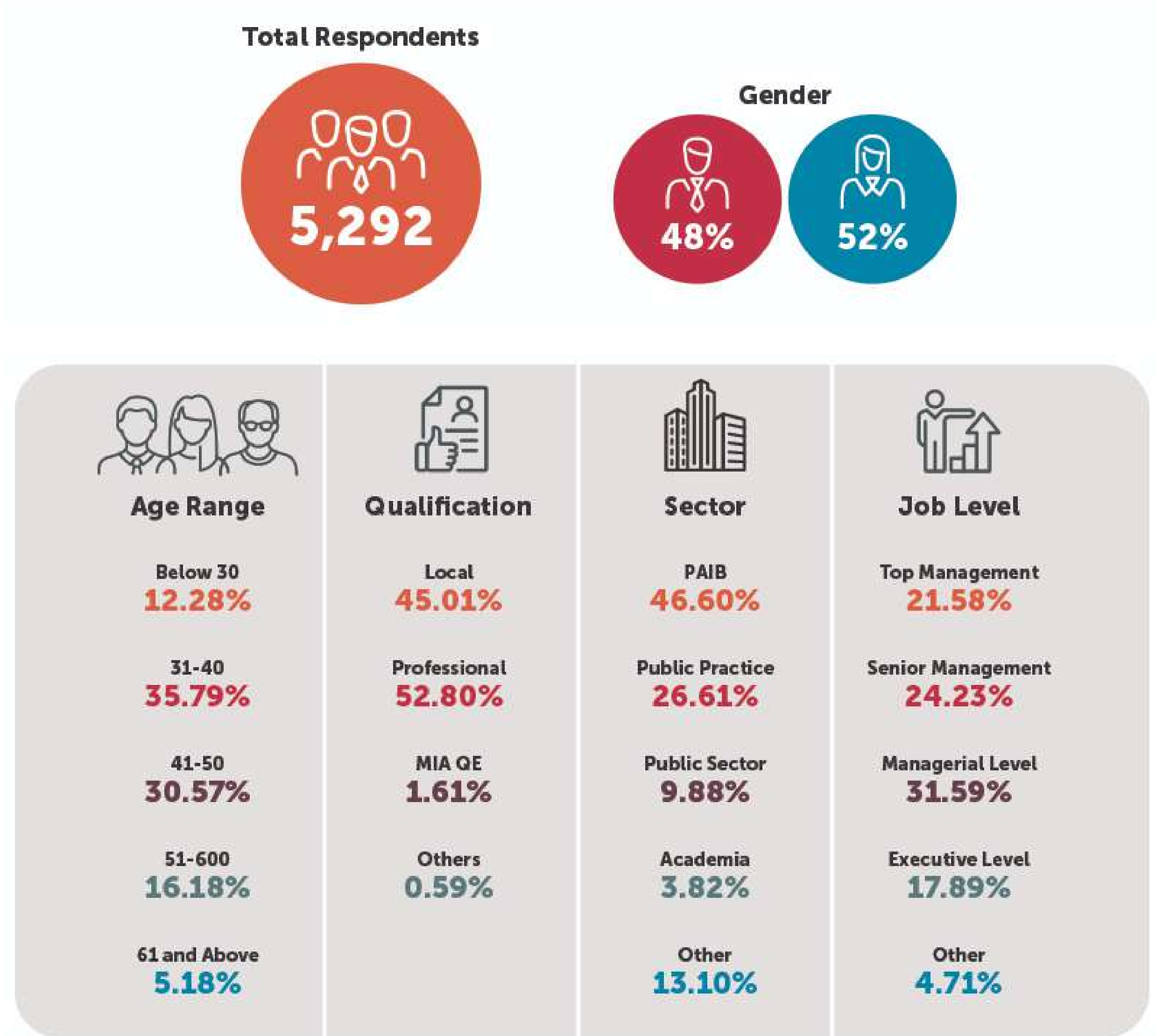
- The going concern assumption is a fundamental principle in the preparation of financial statements.
- The assessment of an entity's ability to continue as a going concern is the responsibility of the entity's management.
- The appropriateness of the use of the going concern assumption is a matter for the auditor to consider and report accordingly on every audit engagement.
- ISA 570 (Revised) establishes the relevant requirements and guidance with regard to the auditor's consideration of the appropriateness of management's use of the going concern assumption and auditor reporting.
- The extent of disclosures in the financial statements is driven by management's assessment of an entity's ability to continue as a going concern and in accordance with the disclosure requirements of relevant MFRS.

MIA Member Satisfaction Survey 2022: Member satisfaction with MIA improves to 83.41%, up from 79% in 2020 Survey

at-mia.my/2023/04/12/mia-member-satisfaction-survey-2022-member-satisfaction-with-mia-improves-to-83-41-up-from-79-in-2020-survey

April 12, 2023

MIA is pleased to share the findings of the MIA Member Satisfaction Survey 2022 which was conducted from 29 June to 28 September 2022 to gather feedback on the needs of members to better support their professional aspirations.



The Survey attracted a total of 5,292 respondents, fairly representing the views of the MIA membership which totalled 38,026 as at 29 August 2022.

48% of respondents were male and 52% were female, reflective of the profession's gender diversity which is well balanced.

The Survey respondents were also fairly represented in terms of age, with 12.28% of respondents aged below 30 and 35.79% of respondents aged between 31 – 40 representing the Gen Z and millennial interests that are pivotal to shaping a future-fit profession. Another 30.57% of respondents were aged between 41-50, 16.18% between 51-60 and 5.18% were aged 61 and above.

Survey Highlights

The following are some of the key highlights from the survey. Overall, the respondents demonstrated a marked improvement in their approval ratings for MIA.

79.69%

of the respondents are satisfied that the Institute is doing enough to ensure that the profession continues to remain future relevant.

87.09%

of the respondents agree that MIA continues to be steadfast in regulating, developing and advancing the profession. This reflects well on MIA's mandate under the Accountants Act 1967 to serve as the regulator and developer of the profession.

An average of

45%

of the respondents are aware of the MIA Member Assistance Programme, including the MIA Careline and Digital Coaching. There is room for MIA to ramp up awareness here to better support members' well-being.

76.53%

of the respondents are satisfied with the Institute's effort to enhance the branding of MIA at local and international levels and being the national voice of the accountancy profession amongst regulatory bodies. This is a continuing effort of MIA to enhance trust and future relevance of the profession and we plan to improve even further in this area.

85.87%

of the respondents feel proud to be a member of MIA. This is an improvement over the 2020 survey results where 82% of respondents indicated that they were proud to be a member of MIA.

Overall,

83.41%

of the respondents are satisfied with the Institute's overall services, up from 79% of respondents who indicated their satisfaction in the 2020 survey.

About

69%

of the respondents concurred that they would still maintain their MIA membership if it is not mandatory. 25% of the respondents indicated that they may maintain their membership if it is not mandatory.

These ratings are excellent indicators of the Institute's relevance to our members who are a key stakeholder. We will continue our endeavours to improve the MIA value proposition and fortify the future relevance of the profession.

Addressing Feedback from Members

The survey respondents for the MIA Member Satisfaction Survey 2022 provided invaluable feedback.

> The Survey recorded a total of 3,466 feedback or suggestions from members in response to the MIA Member Satisfaction Survey 2022.

The following are highlights of MIA's responses and action plans to address the feedback received from members, mapped to the Institute's Strategic Objectives accordingly.

CPE Training

Matters related to Continuing Professional Education (CPE) training accounted for 34.79% of feedback/ suggestions received.

In line with SO1, MIA is committed to ensuring that members are optimally developed and future fit. As such, MIA strives to deliver a value proposition for professional development that is beneficial and financially feasible for members. This includes:

- Ensuring that the fees for MIA CPE programmes offered by the Institute are highly competitive compared with the industry norm. MIA fees are typically about 40% below the fees charged by other players in the training industry to ensure affordability for members.
- Providing wide ranging CPE programme content across many relevant topics that are abreast of the latest developments and future trends.
- Providing MIA proprietary e-learning courses at a reasonable price
- Continuing to conduct CPE programmes, Conferences and Webinars physically and virtually, both in the Central Region (Klang Valley) and the Regions of Johor, Northern, Sabah and Sarawak to ensure that CPE is accessible and benefits members irrespective of location.
- Offering physical in-house training options to suit member preferences since the nation entered the COVID-19 endemic phase in April 2022
- Offering a special discount rate on selected CPE programmes to all MIA members from January to June 2023, so do take advantage of this special offer before the discount window closes.

- Engaging with the Securities Commission (SC) to secure the Capital Market Development Fund (CMDF) grant from SC to subsidise members on CPE programmes (new initiative)
- Conducting the MIA Conference 2023 in a hybrid format so members can opt for either physical or virtual sessions at their convenience (new initiative).

In line with SO4, MIA uses email blast which is an important communications tool for connecting with members daily or when necessary, especially for CPE events. Updates on upcoming CPE events are sent out based on sectors/relevant topics to all members and specific groups. The email blast is planned and managed via a calendar, so as not to overload members' emails.

MIA Governance, Positioning, Branding and Value

Matters related to MIA governance, positioning, branding and value accounted for 16.24% of feedback/ suggestions received.

In line with SO3, MIA will continuously engage with Professional Accountancy Organisations (PAOs) to provide complimentary Train the Trainers programmes, specifically to upskill members in academia and update their knowledge on technical topics. MIA is also collaborating with Chartered Accountant's Relevant Experience (CARE) coordinators to encourage graduates to register as CARE mentees and hence, benefit from MIA initiatives.

In line with SO4 which seeks to promote the value proposition of the accountancy profession and continuously uplift global recognition, MIA communicates with stakeholders through various platforms that are continually being refreshed to improve user friendliness and deliver up-to-date information.

- The new MIA Corporate Website went live in August 2022
- Members are regularly updated via email and social media on a timely basis

- The eAT (e-Accountants Today) knowledge portal has been refreshed with current aesthetics, enhanced navigation, embedded videos, and links to social media for members' benefit.

Also, in line with SO4, MIA has enhanced efforts to reach out to students who are a key part of the talent pipeline for the profession. To increase recognition of the accountancy profession's prospects and relevance among students, MIA is continuing to:

organise career talks, CARE briefings, CARE Awareness programmes and pipeline engagements involving students and graduates such as the MIA Information Day, Accounting Students Conference, and Accounting Quiz for secondary school students.	hold various **engagements with the relevant Ministries and Government** agencies such as the Ministry of Higher Education, Malaysian Qualifications Agency, Ministry of Human Resource and Talent Corp to champion the value proposition and future relevance of the accountancy profession.

MIA targets to reach out to 5,500 students under FYE June 2023 and plans even more engagement activities with students and universities.

Member Benefits and Privileges

Matters relating to MIA member benefits and privileges accounted for 13.07% of feedback/ suggestions received in the Survey.

Under SO4, MIA dedicates intensive and ongoing effort to improve the array of benefits and privileges for members to promote the value proposition of the accountancy profession. Efforts include:

- Engaging with Naluri to provide the MIA Member Assistance Programme that supports members psychological and mental well-being.
- Collaboration with strategic partners in Klang Valley and at the Regions.
- Updating members via EDM on member benefits on a bi-monthly basis
- Improving communications with members via the MIA Privileges Mobile App which also include push notifications on events, and through multiple channels such as SMS and email.

MIA Member Engagement

MIA Member engagement activities garnered 5.45% of feedback/ suggestions.

Under SO4, MIA seeks to increase social and networking activities along with talks and activities on health, wellness and stress management for members' well-being.

Among the initiatives organised by MIA to enhance member engagement are:

- the annual Town Hall sessions

- MIA Member Onboarding sessions to educate members on MIA functions, Members Obligations and Entitlements
- complimentary engagement sessions on relevant topics and courtesy visits, and social networking

To cater to the interests of younger members of the profession, the MIA Young Professionals Working Group is driving the MIA youth agenda for better representation.

Technical Updates

Matters related to technical updates and support received 2.74% of feedback/ suggestions.

In relation to SO1, MIA has embarked on the following to strengthen technical updates, support and regular technical updates to build up members' competency:

- Issuing updates on technical issues or knowledge via circular on a timely basis
- Based on the Policies on Answering Technical Enquiries, staff will strive to answer queries within 10 working days of receipt
- Organised more than 200 activities and/or outputs e.g. training sessions, awareness sessions, certification programmes, publication of articles from 2019 to 2022
- Offering various tax training/courses to all members at prices that commensurate with the technical knowledge and expertise of speakers, venues and training materials
- Organise webinars to support PAIBs in emerging areas of focus such as environmental, social and governance (ESG) and sustainability.
- Operationalisation of Competency Framework for Chief Financial Officers (CFOs) and Finance Function in Public Interest Entities (PIEs) and engaging CFOs of PIEs through CFO Circle events

- Providing increased opportunities to accumulate structured CPE credit hours for annual compliance, through select Auditing and Assurance Standards Board (AASB) webinars and the Ethics Standards Board (ESB) webinars and quizzes, with conditions.
- Preparing member firms (especially SMPs) to uphold their audit quality and equipping them for new requirements such as the ISQM standard through initiatives such as a dedicated webpage, implementation videos and webinars.
- Converting selected webinars by AASB and ESB into short videos to be uploaded on the MIA website.
- Issuing Digital Economy and Reporting Insights on a quarterly basis to collate all the technical updates and activities for members' ease of reference.

In line with SO1 and SO4, MIA will continue to issue relevant technical articles on a more regular basis.

Compliance and Combating Bogus Accountants

Matters relating to compliance and actions against bogus accountants garnered 2.71% of the feedback/ suggestions received.

To further drive SO2, which centres on nurturing professional values and ethics of members to uphold a strong accountancy profession, MIA has:

- Conducted awareness programmes with members since 2017 on the dos and don'ts under the Accountants Act and Rules, along with issuing numerous press statements and articles for members' education and edification.
- Gazetted all offences sanctioned by the Disciplinary Committee (DC)/Disciplinary Appeal Board (DAB) against members.
- Conducted frequent meetings with co-regulators in addressing the issues of the profession, with a strong focus on bogus accountants and the necessary collaborative actions to be taken.
- Proposed Accountants Act 1967 be repealed to give wider powers to MIA to act against non-members.

In line with SO3 for regulation and development that is consistent with global standards and best practices, MIA has initiated:

- Disciplinary actions against members based on complaints made by the public or surveillance bodies under MIA or referrals by other Regulators.
- Pro-active enforcement actions against non-members and members who collude on bogus activities, including issuing notices to show cause, referrals to co-regulators including foreign authorities for further action, publishing media statements and public warnings against engaging with bogus accountants, collaborating with the Malaysian Communications and Multimedia Commission (MCMC) to delete information on bogus accountants in websites, and taking disciplinary action against members who collude with non-members on bogus activities.

Retabled Budget 2023 Expected to Positively Impact Accountancy Profession

March 1, 2023

The Malaysian Institute of Accountants (MIA) hailed the following measures of the retabled Budget 2023 that are expected to positively impact the accountancy profession and its services to the economy.

These are the:

- announcement of financial zones.
- focus on tax measures to diversify tax revenues for better fiscal health.
- measures to further develop and strengthen the sustainability and relevance of Islamic finance.
- measures to promote digital transformation.
- measures on ESG.

Financial Zones

MIA welcomed the announcement of the Tun Razak Exchange (TRX) in Kuala Lumpur and Iskandar Malaysia in Johor as financial hubs/zones to attract high-quality foreign investments, which are expected to benefit the accountancy profession.

“To position Malaysia as a financial hub, the accountancy sector plays an important role in terms of providing access to professional accountancy services,” stated MIA President Datuk Bazlan Osman.

“On one hand, the accountancy sector will benefit from exciting growth opportunities for its services as Malaysia strengthens its position as a financial hub. On the other hand, the competitiveness and international position of the Malaysian economy will be enhanced by a vibrant and flourishing accountancy sector.”

Tax Measures

“Budget 2023 introduced tax measures that are aimed at diversifying sources of tax revenue through the imposition of wealth taxes and capital gains taxes, while being business-friendly to small and medium sized entities (SMEs),” said Datuk Bazlan.

As a leading advocate for tax governance as well as improved tax policies and administration, MIA has engaged with the Tax Authorities and PEMUDAH in various meetings to discuss the proposed policy changes and other tax proposals from stakeholders for Budget 2023.

The following tax measures as announced in Budget 2023 may be relevant to MIA members:

- Capital gains tax for disposal of unlisted shares by companies will be introduced from 2024.

- Preferential tax rate for SMEs will be reduced to 15% on the 1st chargeable income of RM150,000.
- Individual tax rate will be reduced by 2% for the chargeable income of RM35,001 to RM100,000 from YA 2023. For high income earners, there will be an increase in tax rate of 0.5% to 2% for chargeable income of RM100,001 to RM1 million.
- Luxury goods of prescribed value will be subject to tax with effect from 2023.
- The C-suite of companies in electrical & electronics and aerospace industries which were affected by the pandemic, and that relocate their operations to Malaysia will be subject to 15% tax until 2024.
- Tax deduction for cost of listing on the ACE Market and the LEAP Market of BURSA Malaysia will be extended to YA 2025.
- Charitable hospitals registered as Company Limited by Guarantee will be given an income tax exemption equivalent to the expenses incurred for the charitable purpose. Donors of the charitable hospitals will be given a tax deduction of up to 10%.
- Voluntary Disclosure Programme will be re-introduced for waiver of 100% penalty effective from 1 June 2023 to 31 December 2024.

Islamic Finance

Budget 2023 emphasised measures to strengthen the global leadership of Malaysia in Islamic Finance, especially in the emerging areas of wealth redistribution to address growing inequality and sustainability. MIA hailed the promotion of financial inclusion through green financing, guided by BNM's Climate Risk Management and Scenario Analysis, Towards A Greener Financial System and Financial Inclusion Framework 2023-2026 and the emphasis from regulators to increase equity-based Islamic Financing with risk sharing concept.

For its part, MIA has:

Digital Transformation

MIA welcomed Budget 2023's provision of funding for digital transformation, which aligns with its Digital Technology Blueprint – to identify the availability of funding to assist MIA members in the adoption of digital technology.

"Additionally, MIA found that funding is the top three barriers of technology adoption in its three consecutive surveys on technology adoption by the accounting profession in Malaysia especially for the SMEs including the small and medium sized practices (SMPs). The grants available will support the digital transformation of these entities," stated MIA CEO Dr. Wan Ahmad Rudirman Wan Razak.

Based on MIA Technology Adoption by the Accountancy Profession Survey 2022, MIA also found that lack of talent to utilise technology effectively and understanding the benefits of adopting technology being the top barriers to technology adoption. Hence, the Government's effort in strengthening the Pusat Ekonomi Digital (PEDi) to assist and educate SMEs on technologies is commendable, added Dr. Wan Ahmad.

MIA also welcomed the Government's effort in combating cyberthreats, as cybersecurity is one of the top five technology trends affecting the accounting profession for three consecutive years as indicated in the said MIA survey.

Other salient measures are Budget 2023's allocation of RM725 million to provide coverage under Jalinan Digital Negara (JENDELA), continuous effort on 5G network implementation via Digital Nasional Berhad (DNB), and free internet for 56 chosen Program Perumahan Rakyat (PPR). This will address the infrastructure challenge including lack of network connectivity in Higher Learning Institutions (HLIs) as recommended in the Report on a Study of Emerging Technology Adoption within the Accounting Programmes by the Higher Learning Institutions (HLIs) in Malaysia issued by MIA in 2021.

Finally, MIA commends the Government's effort on driving digital transformation for various sectors as well as Government services and offering funding on digital content to promote local businesses.

ESG

As a leading advocate for the adoption and integration of the environment, social and governance (ESG) agenda by businesses, MIA commends Budget 2023's generous allocations for enabling sustainable transformation, said Dr Wan Ahmad Rudirman. The salient measures to note in the Budget include:

- BNM to provide a RM2 billion fund to support start-up companies in green technology and encourage SMEs to adopt low carbon practice.
- Khazanah to provide RM150 million to encourage environmental-friendly projects, including supporting the carbon market and reforestation.
- Improved implementation of Skim Pembiayaan Teknologi Hijau (GTFS) where the guaranteed value is increased to RM3 bilion until 2025.
- A proposal to extend the Green Investment Tax Allowance (GITA) dan Green Income Tax Exemption (GITE) until 31 December 2025 by enhancing the period of encouragement from 3 to 5 years for eligible green activities.
- RM30 million allocation to support more activities in relation to Sustainable Development Goals (SDG).

Sending of Bank Confirmation Requests by Auditors in Malaysia

at **at-mia.my**/2023/04/05/sending-of-bank-confirmation-requests-by-auditors-in-malaysia

April 5, 2023

By MIA Small & Medium Practices Team

Many bank confirmation letters are sent to banks annually by auditors to request for confirmation of audit clients' bank balances and arrangements. The conventional process of obtaining confirmations through mail is slow and time-consuming. Such delays could impact negatively the timing of the clearance of audited financial statements.

To facilitate the manual bank confirmation process, MIA has been working closely with The Association of Banks in Malaysia (ABM) since 2013 to maintain a list of contact details for commercial banks in Malaysia, to facilitate the sending of bank confirmation requests manually by auditors. This will enable auditors to send requests correctly to a central/branch address of a bank that matches each bank's business model. Member firms are advised to refer to the updated list from MIA website before sending the manual bank confirmation requests. The turnaround time should be shortened by sending the bank confirmation requests to the right processing center or department or branch.

However, the aforementioned measure could not address all the challenges of getting bank confirmation replies. To effectively handle late confirmation replies due to mail delay or missing mail in transit, MIA championed the creation of an Industry-wide Electronic Bank Confirmation Platform (i.e. eConfirm.my) and launched the Platform in June 2020. After close to three years of implementation, eConfirm.my is currently used by 1,400 audit firms and 29 financial institutions in Malaysia.

Four possible scenarios for sending of bank confirmation requests to financial institutions in Malaysia

There are currently four possible scenarios that auditors may encounter in sending confirmation requests:

Method	Non-participating Banks in eConfirm.my or Confirmation.com	Participating Banks in econfirm.my	Participating Banks in Confirmation.com
Manual only	**Scenario 1** *(Manual method only)*	N/A	N/A
Mix of manual and electronic	N/A	**Scenario 2** *(Mix of manual and electronic methods)*	N/A
Electronic only	N/A	**Scenario 3** *(Electronic method only)*	**Scenario 4** *(Electronic method only)*

Note: *For the list of participating banks, please refer to here.*

Scenario 1: Non-participating Banks (manual method only)

Even before the implementation of eConfirm.my, MIA has been working closely with the Association of Banks in Malaysia (ABM) since 2013 to maintain a list of updated contact details for commercial banks in Malaysia, to facilitate the sending of manual confirmations.

For sending of bank confirmation requests to non-participating banks, please refer to the list of contact details for 26 commercial banks in Malaysia (updated October 2022) before sending the hard copies of requests. To improve the turnaround time, bank confirmation requests should be sent to the right processing centre or department or branch, depending on the operations system (centralised or decentralised) of banks.

Scenario 2: Participating Banks (mix of manual and electronic method)

After the implementation of eConfirm.my, many participating banks are still accepting manual confirmation requests although they are onboarded with eConfirm.my. For online submission of requests, please send through eConfirm.my. For manual submission of requests, please refer to the contact list (last updated October 2022).

Scenario 3: Fully Online Participating Banks (Electronic method only with eConfirm.my)

Harnessing the Platform to reap its full benefits, the following banks have already fully migrated their bank confirmation process to eConfirm.my.

Participating banks (fully online with eConfirm.my)	With effect from
BANK ISLAM	1 February 2022
CIMB, CIMB BANK	1 March 2022
AmBank, AmBank Islamic, AmInvestment Bank	1 May 2022
OCBC Bank, OCBC Al-Amin	1 July 2022
Maybank, Maybank Islamic, Maybank Investment Bank	1 September 2022
PUBLIC BANK, PUBLIC ISLAMIC BANK	23 March 2023

With these developments, manual bank confirmation requests submitted to the branches of the above banks will no longer be accepted for processing after the effective dates.

Scenario 4: American-based or Foreign-based Banks that are subscribed to Confirmation.com (Electronic method only with Confirmation.com)

Citibank, Standard Chartered Bank (SCB) and HSBC Bank in Malaysia have subscribed to Confirmation.com and now receive and respond to online requests through the Confirmation.com platform.

With the above, there is a 2-tier system for electronic bank confirmation in Malaysia. Auditors would need to subscribe to both systems in order to perform bank confirmation electronically for their audit clients.

To confirm accounts balances and other arrangements with American-based banks and some other foreign banks, the requests need to be submitted through Confirmation.com. To obtain confirmations from local banks and other foreign banks, the requests need to be submitted through eConfirm.my.

Feedback from Audit Firms and Financial Institutions

Since the launch of eConfirm.my on 26 June 2020, positive feedback has been received from participating audit firms and banks. Auditors are generally satisfied with the shorter turnaround time (TAT) and greater efficiency. The average TAT of the bank confirmation reply from the respondent banks is 7 days (the fastest TAT is 1 day).

The feedback from audit firms and banks after embracing eConfirm.my can be seen in the following articles in e-Accountants Today:

Embracing eConfirm.my: The Experience Thus Far

Embracing eConfirm.my: Feedback from Banks

If your firm has yet to participate in eConfirm.my, please register your firm using the registration form and email to support@econfirm.my. Once registered, complimentary training will be provided to audit staff before your firm can start creating the firm's and clients' profile for submission of bank confirmation requests through the Platform.

With most audit firms already participating in eConfirm.my, the Institute is optimistic that other financial institutions would expedite their onboarding to the Platform and the Platform will gain the momentum needed to become an 'industry-wide' electronic bank confirmation platform.

For more information about eConfirm.my, please visit www.econfirm.my or MIA website.

Should you have further enquiries, please contact the Project Team at smp@mia.org.my.

Strengthening Islamic Finance Talent

at-mia.my/2023/04/07/strengthening-islamic-finance-talent

April 7, 2023

In its quest to strengthen and diversify economic growth, Malaysia needs to build capacity and competency in the areas in which it leads.

One key area is Islamic Finance. The Global Islamic Economy Indicator for 2021 ranked Malaysia as the global leader in Islamic finance, where Malaysia ranked first among 81 countries for the ninth consecutive year. Malaysia ranked first out of 135 countries in the Islamic Finance Development Indicator 2021 for the second year in a row, as reported by financial markets data provider Refinitiv.

Following the challenges of the pandemic, Islamic finance is expected to continue to thrive. Islamic finance rebounded strongly in the first half of 2021 with Islamic finance assets valued at US$3.6 trillion in 2021 and expected to reach US$4.9 trillion in 2025.

According to Moody's, the global rating agency, projected economic recovery in key Islamic finance markets – which includes Malaysia – would continue to boost credit growth and demand for Shariah-compliant products. Islamic banks' asset growth is also expected to continue to outperform their conventional peers.

Budget 2023 – Islamic Finance Initiatives

Banking on these sunny prospects, Budget 2023 emphasised measures to strengthen the global leadership of Malaysia in Islamic Finance. Budget 2023 especially prioritised the role of Islamic finance to drive inclusivity and achieve wealth distribution for a more sustainable economy and society.

Notably, Budget 2023 emphasised the need to increase equity-based Islamic Financing with risk sharing concept for social well-being. For its part, MIA has:

- collaborated with relevant stakeholders to create and promote awareness on Islamic social financing through webinars and articles at ASEAN (with the ASEAN Federation of Accountants) and international level (with the International Federation of Accountants).
- organised a focus group discussion with Islamic Finance regulators and industry players to identify opportunities and challenges in implementing Islamic social finance in Malaysia, and
- through the Islamic Finance Pupillage Programme, continuously nurtured Islamic Finance talent by upscaling knowledge within the accountancy profession to support developments in the Islamic Finance industry.

MIA Islamic Finance Pupillage Programme

Recently, MIA organised the MIA Islamic Finance Pupillage Programme 2021/2022 Certification Ceremony at a physical event to celebrate the achievements of the 2021/2022 graduating cohort.

“The IF Pupillage programme is an integral part of MIA’s advocacy for building capacity and competency in Islamic finance. This advocacy connects to our nation building purpose, where we strive to catalyse key relevant sectors for sustainable economic and social development,” said Mohamad Faisal Abdul Malik, Vice President, Malaysian Institute of Accountants in his opening remarks.

MIA prioritises Islamic finance talent development as the industry continues to thrive as an iconic sector of the Malaysian economy, one that requires accountancy and financial expertise provided by a talent pool of high-calibre accountancy professionals, added Faisal.

Islamic Finance as a Lever for Sustainability

MIA advocates strongly for Islamic finance as a means to accelerate Malaysia’s journey towards sustainability.

According to Mohd Muazzam Mohamed, Chairman, MIA Islamic Finance Committee, in his opening address at the same Certification Ceremony, Islamic social financing is a critical mechanism to promote social trust, cooperation, and solidarity, which supports the social component of the environmental, social and governance (ESG) agenda.

These can be achieved through shariah-compliant platforms such as Value-based Intermediation (VBI), Fintech and Sustainable Finance.

Value-based intermediation (VBI)

- Guided by the Financial Sector Blueprint 2022-2026, the Islamic finance sector contributed significantly to the country's socio-economic recovery during the COVID-19 pandemic by distributing social finance to the vulnerable segment, particularly the B40s and the micro, small and medium enterprises (MSMEs).
- A total of RM146.6 billion in financing, investments and deposits were intermediated by Islamic banks in VBI-related or VBI-aligned initiatives between 2020 and 2021.
- Value-based finance is still in its early stages, with the majority of the VBI Community of Practitioners members at the 'Emerging' phase of implementation since the launch of the VBI initiative in 2017.
- There is room to further diversify value-based capital, which include funding of new ventures and other VBI-aligned outcomes.
- Only 4.2 per cent of investment accounts intermediated by Islamic banks being suitable to finance transformation, such as in supplying growth capital to industries of the future or new business models.
- Benevolent contracts, risk-sharing contracts and other asset-based contracts can offer a broader spectrum of funding, investment and protection solutions that support social and economic transformation.
- To take VBI to the next level, there is a need for a whole-of-ecosystem alignment to Islamic finance values and commitment from all players in the ecosystem.

Fintech

- Currently, the Islamic fintech segment is more mature in Malaysia compared to other countries, with facilitation from Bank Negara Malaysia (BNM) and Government agencies such as the Malaysia Digital Economy Corporation (MDEC), availability of resources, and Malaysia's global perception as an export base for Islamic financial services and talent.
- Fintech will continue to grow in the coming years through the development of policies, technology, and talents to support the ecosystem.
- Prospects for Islamic fintech in Malaysia are bright as 33 per cent of the world's fintech companies are headquartered here.
- The issuance of digital banking licenses, including syariah-compliant licenses, will accelerate the deployment of new technologies to serve the unbanked and underserved communities, and spur Islamic fintech to improve.
- Islamic financial institutions are encouraged to step up the adoption of emerging technologies such as artificial intelligence and big data to tap into new opportunities in under-served markets.

- While the deployment of financial technology in Islamic financial services creates enormous opportunities, there is an urgent need to address weaknesses in regulatory oversight, cybersecurity, Shariah governance, and talent availability.

Sustainable Finance to support sustainable development goals

- Islamic finance can have a significant impact in climate and sustainable finance by supporting the UN Sustainable Development Goal (SDG) commitments.
- Islamic finance can be utilised to bridge the large financing gap to achieve the SDGs in developing nations, which are estimated to require between $2.5 trillion to $3 trillion annually. The Organisation of Islamic Corporation (OIC) countries alone need about $1 trillion annually to implement the SDGs. – The global Islamic finance industry, with total assets of US$3.06 trillion as of 2021, has the potential to contribute significantly towards the existing funding gap.
- In Malaysia, green and SRI sukuk issuances have served as a bridge between Islamic finance and sustainable investment.
- Malaysia has successfully implemented environmental, social and governance (ESG)-themed funds and multiple green sukuk (Islamic bond) issuances, under the ASEAN Green Bonds and Green Sukuk standards.

- As of December 2022, a cumulative RM8.3 billion of green and SRI sukuk has been issued since the instrument's launch in 2014.
- The Securities Commission's Sustainable and Responsible Investment linked (SRI-linked) Sukuk Framework facilitates businesses in financing their transition towards achieving their sustainability targets.
- Bursa Malaysia's upcoming Shariah-compliant Voluntary Carbon Market (VCM) exchange will enable Malaysian companies to purchase voluntary carbon credits to offset their carbon emission footprint.
- Voluntary carbon markets play an important role to support financing for projects and solutions that reduce, remove or avoid greenhouse gas emissions.

Submissions Invited for NACRA 2023, Closing Date for Entry on 31 May 2023

at-mia.my/2023/03/21/submissions-invited-for-nacra-2023-closing-date-for-entry-on-31-may-2023

March 21, 2023

Submissions are cordially invited for the National Annual Corporate Report Awards 2023 (NACRA 2023) which is open to all companies incorporated or registered in Malaysia as well as the public sector and other organisations established in Malaysia.

All submissions must be received by Wednesday, 31 May 2023. Only annual reports with 2022 financial year end are eligible for entry to NACRA 2023.

NACRA 2023 which is a joint endeavour of Bursa Malaysia, Malaysian Institute of Accountants (MIA) and The Malaysian Institute of Certified Public Accountants (MICPA) was launched on 16 March 2023 with the theme "Towards Accountability & Excellence". NACRA 2023 continues a long tradition of excellence, since it was established in 1990 or 33 years ago with the main objective of recognising companies' corporate reporting excellence on a yearly basis. Over the years, NACRA has become the benchmark stakeholders associate with fair, transparent and informative corporate reporting, which has always been the underlying objective of its three organising bodies – Bursa Malaysia Berhad, Malaysian Institute of Accountants (MIA) and The Malaysian Institute of Certified Public Accountants (MICPA).

Many new value-adding elements have been incorporated in the annual report over the years, and hence in 2020, a brand-new NACRA framework was announced in response to a vastly transformed corporate and regulatory landscape as well as increasing investor demands for both financial and non-financial information.

To accord recognition to many more leading organisations and align with global reporting frameworks and best practices, a new awards structure was introduced, where all organisations compete for Excellence Awards according to market capitalisation for listed companies, with a separate category for non-listed organisations.

NACRA 2023 comprises four categories of awards – the Excellence Awards, Best Sustainability Reporting, Best Annual Report in Bahasa Malaysia and Best Designed Annual Report. Each category of the Excellence Awards (except for the Non-listed Organisations) will have a Platinum winner, up to three Gold winners and up to three Silver winners provided the minimum assessment marks are met. The most outstanding Annual Report for the year will receive the Platinum Excellence Award. This Award will be presented to the organisation which displays the highest quality corporate reporting in its annual or integrated report.

For Special Awards, i.e. “Best Sustainability Reporting Award”, “Best Annual Report in Bahasa Malaysia” and “Best Designed Annual Report”, each category will have a Platinum, Gold and Silver award. All participating organisations are eligible for the Special Awards.

This year, a physical awards presentation dinner will be held on November 30th where the winners will be announced.

In his remarks, Mr Tang Seng Choon, NACRA’s Organising Committee Chairman, encouraged companies to participate and strengthen their reporting quality. “Participating in NACRA will inspire organisations to enhance their corporate reporting in order to improve the information made available to investors, while embedding a culture of reporting excellence and accountability for long-term sustainability. We hope the healthy competition NACRA provides will motivate and promote innovation, excellence and continuous improvement in corporate reporting.”

Mr Ong Chee Wai, Chairperson of NACRA’s Adjudication Committee extolled the relevance of NACRA and benefits of participation in his speech. “It is undeniable that reporting on both financial and non-financial measures have been considered the most critical reporting tool for the company’s performance and strategic integration in order to meet the increasing scrutiny of investors and other stakeholders' for better sustainability and a higher level of corporate governance and transparency."

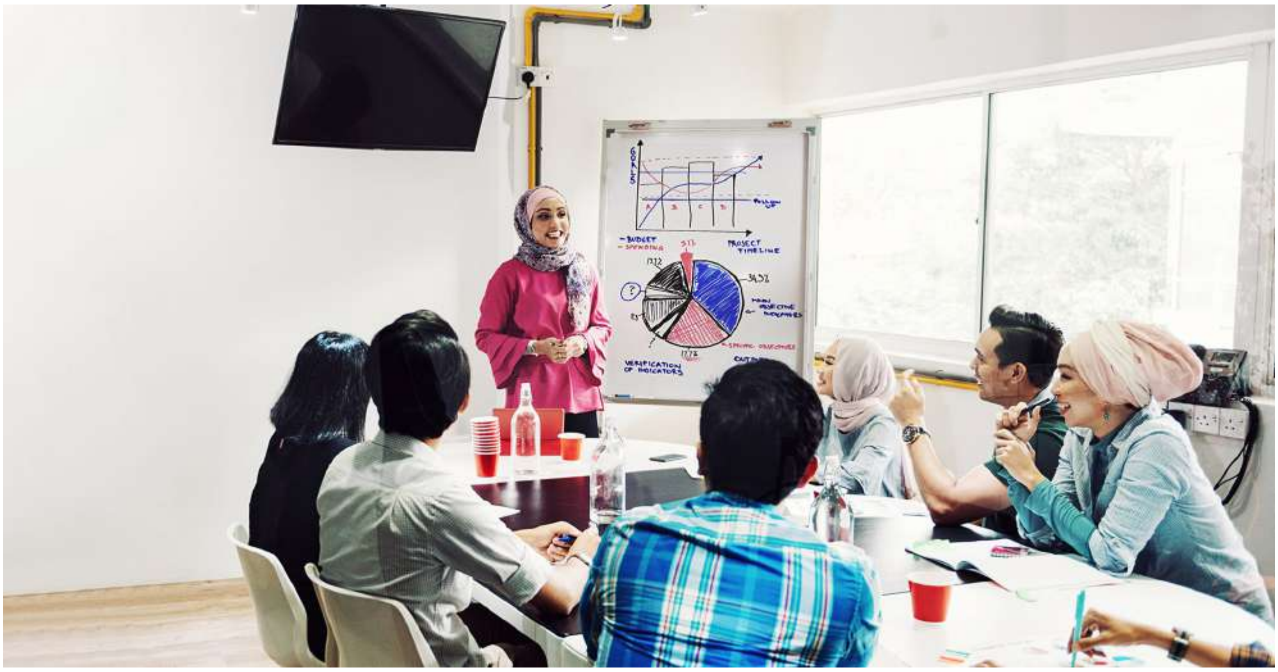
"The NACRA Framework is adaptive with the ever-changing landscape of the markets. Being a NACRA winner would mean added prestige and acknowledgment by peers and competitors locally and internationally. This is definitely a significant milestone for participating organisations," added Mr Ong.

For more information, click here.

Taking a Human-centric Approach to Finance Transformation

at-mia.my/2023/04/04/taking-a-human-centric-approach-to-finance-transformation

April 4, 2023



By Peter Spence

Technology is revolutionising our industry, but if you want to make the most of the possibilities it offers you have to make sure your team have the skills they need. AICPA & CIMA's Peter Spence explains more.

Organisations around the world are taking bold steps towards finance transformation, but too many fail to bring their people along for the journey.

According to KPMG International's 2019 Future Ready Finance survey, many top organisations have embraced a range of technologies to increase efficiency and improve performance, yet only 28% reported those initiatives to be a 'great success'.

Part of the reason so many finance transformations fail might be an underinvestment in talent.

According to *Finance transformation: the human perspective*, joint research from the Association of International Certified Professional Accountants® and KPMG International, less than 3% of respondents said their finance function had the skills it needed. Despite this awareness of a skills gap, less than 10% of respondents said their transformation programmes focus on developing employee skills.

A lack of funding also implies employee training is a low priority, with over half of respondents allocating less than 10% of their finance transformation budget for training new staff, and 41% spending at similar levels for existing employees.

Companies can adopt all the latest technologies, but if their people don't know how to effectively leverage these tools, their transformations are likely to fall flat.

Organisations that want to take a human-centric approach to finance transformation can start by following these best practices:

Involve employees in each step of finance transformation

Involving employees at all levels during the planning and implementation of finance transformation initiatives will help ensure everyone is on the same page.

Gather insights from employees who will use new tools or processes to understand their pain points and communicate how new technologies will change their day-to-day work.

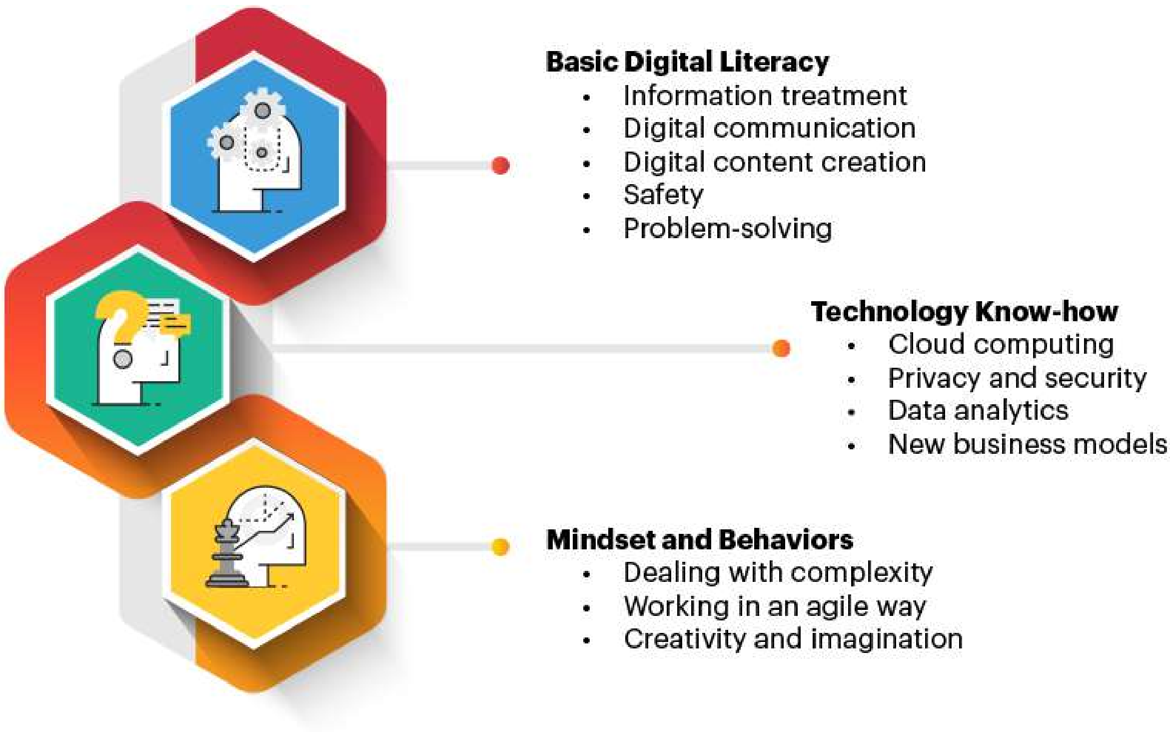
Transformation initiatives will likely shift the goals of some employees, so it's important for managers to provide clarity on how their roles could evolve. For example, new data analytics and visualisation tools might allow employees to spend more time generating insights and applying those insights to the business.

Keep lines of communication open indefinitely so employees can alert leadership to any issues they might have as they integrate new tools.

Invest in employee training to fill gaps

Finance professionals should play a central role in the digital transformation of operating models because of their ability to connect the dots between operations and value creation. However, most finance teams lack the range of skills necessary to support digital transformation.

The CGMA *Re-inventing finance for a digital world* report listed the following skills, mindsets and behaviors finance professionals should develop to effectively work with emerging technologies:



Leaders should determine which of these skills and mindsets their finance team is lacking and invest in employee training and development to fill those gaps.

Many organisations interviewed for *Finance transformation: the human perspective* reported using a 70:20:10 learning and development model. Under this model, employees learn 70% of their knowledge on the job (with workplace and leadership support), 20% through interactions with others (including mentoring and team collaboration) and 10% through formal learning (such as courses and conferences).

Providing a range of employee development initiatives can help ensure your finance team attains well-rounded knowledge and experience.

Be sure to designate a sufficient portion of the budget for training and development to give your transformation initiatives the best chance at success.

Plan for continuous transformation

Transformation shouldn't have an end date. Business ecosystems are constantly changing, and organisations must adapt in tandem or risk falling behind.

Create a transformation plan and continuously review it to make sure you're still on the right track. Regularly re-evaluate employee learning and development to accommodate emerging critical skills.

Leaders should adopt a growth mindset and inspire their teams to do the same.

According to *Finance transformation: the human perspective,* employee motivation to embrace change and get behind transformation initiatives was the most critical factor for finance transformation success.

Leaders and employees need to be willing to leave behind legacy mindsets and get to work shaping a better future for the finance function. Those with a growth mindset have no need to fear the unknown because they know they can adapt to meet any challenge that arises.

Peter Spence is the Associate Technical Director—Management Accounting, AICPA & CIMA

Understanding the Global Demand for Intangible Data Reporting

at-mia.my/2023/03/03/understanding-the-global-demand-for-intangible-data-reporting

March 3, 2023

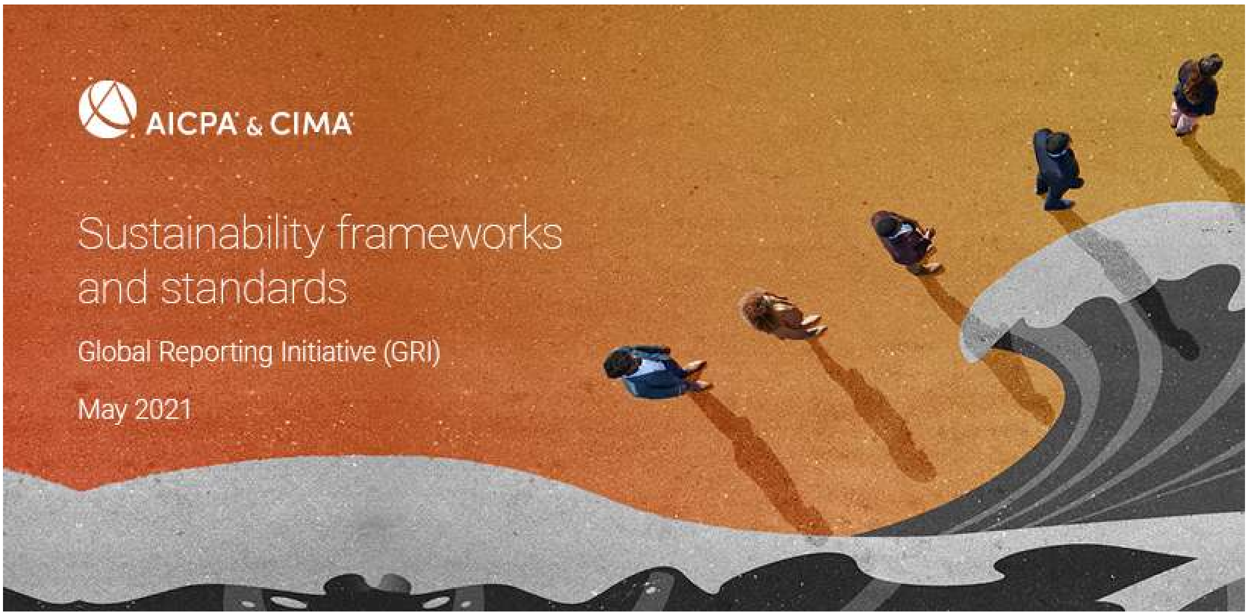
By Peter Spence

Businesses are becoming more sophisticated at capturing and disclosing intangible data. Peter Spence, discusses why organisations should value and report intangible assets.

Today's global economy is increasingly interested in businesses' nonfinancial performance in addition to standalone financial reports.

Changes in regulatory conditions demand sustainability key points as part of corporate and financial reporting. But sustainability is one of many relevant measures emerging from these new dimensions of scrutiny.

AICPA & CIMA® provide tools and guidance for recognising and developing nonfinancial KPIs and standards for integrating sustainability factors into strategic and tactical reporting. These guides can assist your organisation's adaptability in documenting and presenting intangible assets — also known as intellectual data, capital, or value.



Evaluating ESG strategies

Business leaders worldwide are increasingly addressing environmental challenges, such as reducing carbon emissions, by developing environmental, social, and governance (ESG) strategies. Disclosing goals, key points, and progress of these ESG initiatives is becoming a required component of conventional financial and company records.

The reporting guidelines from the International Sustainability Standards Board (ISSB) define sustainability accounting information and detail the general criteria for identifying related risks and opportunities. The ISSB is working with the European Commission and European Financial Reporting Advisory Group (EFRAG) to ensure that their standards are interoperable and that necessary climate disclosures are coordinated in a consistent manner as soon as practicable.

These global reporting standards ensure that organisations understand what information to present and that investors or the public know what to anticipate from the reports. They give direction on developing and implementing significant ESG milestones.

Analysing your teams' strengths

Shareholders or investors need to receive precise employee data. Notable employee misconduct draws public and Government attention, requiring corporations to be more accountable for employee values.

According to CIPD's *Reporting Human Capital* study, assessing employees' knowledge and capabilities is essential. Knowing how and where to develop your staff's talents can boost and sustain a company's value.

The study looked at how organisations can reveal their workers' highest potential by recognising and evaluating the effect and involvement of employees to a company's success. The research shows the amount and depth of human capital reporting improving across the FTSE 100 companies over two years.

The findings also show that FTSE 100 organisations addressed the challenges with reporting human capital data, demonstrating a more profound interest in employee worth than merely relaying statistical performance.

Disclosing human capital data allows companies to analyse the quality of their workforce, which enhances staff fulfilment in corporate organisations and communities. It’s also priceless data for investors who recognise how people can influence company success.

Determining structural resources

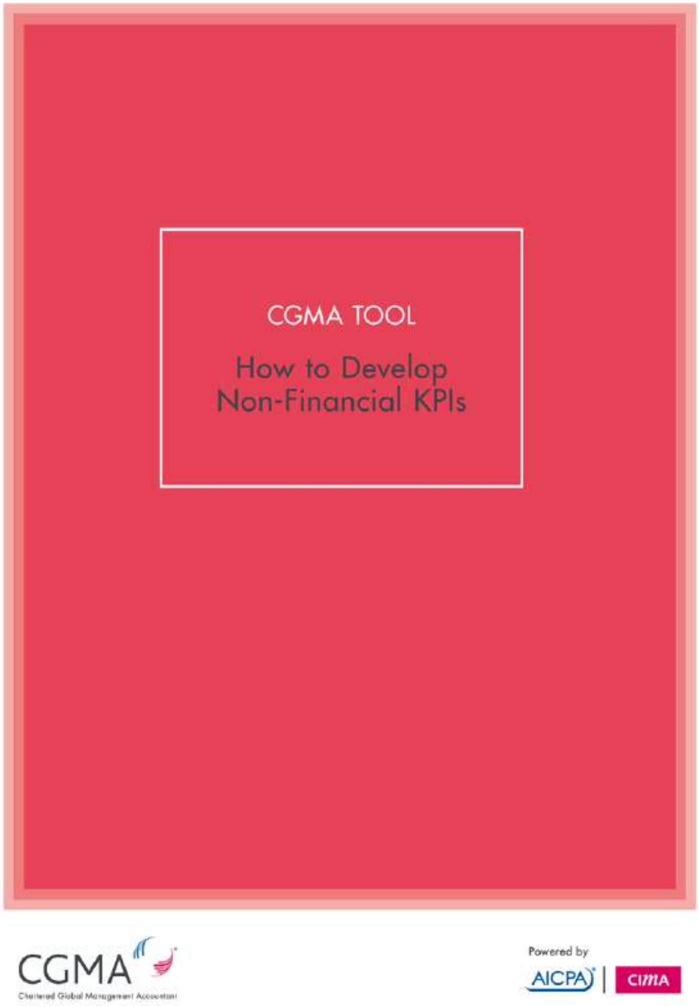
Structural capital coordinates and converts knowledge into valuable assets; its systems and history enable an organisation’s daily operations. Companies are now more aware of handling their information resources appropriately, and leading firms have job positions dedicated to supervising such sources of corporate intelligence.

How to Develop Non-Financial KPIs explains that structural capital encompasses a wide range of critical aspects, including an organisation’s

- Essential operational procedures and how they are organised
- Regulations, communication channels, and database content
- Management structure, leadership, cultural environment, and incentive systems

The structural capital of an organisation’s talent pool extends beyond internal employees — consider vendors, freelancers, and partnering organisations. Their techniques, procedures, and data sources add to your competitive capabilities.

Ideally, a company contributes substantial resources to its structural capital to decrease costs and enhance value potential. Reporting this information helps organisations evaluate their assets and discover low-performing components, leveraging data for future investments and decisions.



Management accountants leading the way

Intangible data contributes to building wealth and the development of other valuable assets. It involves values from nonfinancial performance indicators, leading to organisational innovation, which heavily influences a company’s future.

Management accountants have a clear view of their organisation’s operational model and can identify what produces immediate and projected value. They combine money, business, and management to understand how the company generates and maintains that intangible data. They also gather, analyse, use, and communicate financial and nonfinancial information to help firms seize opportunities and prevent risks.

The evolution in corporate reporting requirements and laws emphasises management accountants’ value. They can educate and guide companies in preparing and adopting the new standards, ensuring the ability of reporting intangible data to better understand an organisation’s financial position.

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Unprofessional Conduct within the MIA (Disciplinary) Rules 2002

at-mia.my/2023/04/26/unprofessional-conduct-within-the-mia-disciplinary-rules-2002

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The rules within the Malaysian Institute of Accountants (Disciplinary) (No.2) Rules 2002 [**'the Disciplinary Rules'**] particularly spell out the applicable processes and powers of the Statutory Committees i.e. Investigation Committee, Disciplinary Committee and the Disciplinary Appeal Board of the Institute as established in the Accountants Act 1967, in executing its roles and functions towards upholding and strengthening the enforcement regimes of the Institute in relation to the disciplinary actions against members who are found to have committed an act of unprofessional conduct.

The term '**unprofessional conduct'** is defined in Rule 2 of the Disciplinary Rules. Unprofessional conduct means conduct which is discreditable to the accountancy profession and includes gross carelessness, neglect and incapacity in the performance of professional duties, impropriety in professional conduct and conduct unbecoming of an accountant.

A member is not immune to the disciplinary actions by the Institute. Members of the Institute are required to uphold professional behaviour by complying with the Institute's By-Laws, relevant laws and regulations applicable to members. Failure to observe the applicable auditing and accounting standards, code of ethics prescribed in the Institute's By-Laws, failure to adhere to relevant laws and regulations, amongst others, the Companies Act 2016 and the Income Tax Act 1967 will amount to an act of unprofessional conduct as stated above.

A breach of the Institute's By-Laws or relevant laws and regulations can constitute for a complaint to be lodged to the Registrar of the Institute in accordance to Rule 3 and 4 of the Disciplinary Rules.[1]

Rule 9 of the Disciplinary Rules enables the Investigation Committee to refer such a complaint to the Disciplinary Committee if sufficient grounds are found for a disciplinary proceeding to be initiated against a member.

Rule 18(1) of the Disciplinary Rules clearly states that upon a complete due inquiry by the Disciplinary Committee, where a **member is found to be guilty of unprofessional conduct**, the Disciplinary Committee shall have the powers to impose any one or any combination of the disciplinary punishments specified under Rule 18(3) of the Disciplinary Rules.

In summary, a member who is found to have breached the Institute's By-Laws will prima facie give rise to a complaint of unprofessional conduct against the member concerned for failing to observe proper standards of professional conduct as set out in the Institute's By-laws, relevant laws and regulations. Members are also required to read the Institute's By-Laws and to keep abreast with all amendments made therein.

Members must understand that where a member is found guilty of unprofessional conduct, the same will not only lower the dignity of the profession, but also weaken the sense of public confidence towards the profession and affect the good reputation of the profession.

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[1] Refer Article entitled: Enforcement Process in the Accountants Today dated 22/12/2020 for more information.

Please click here to download and read the Institute's By-Laws and all relevant governing materials applicable to members: https://mia.org.my/regulatory-public-interest