Malaysia is ASEAN’s fastest-growing e-payment market

MasterCard bullish about country as cashless deals, e-commerce gain favour

BY CHESTY TAY

KUALA LUMPUR: The set up of the intergovernmental Council of Palm Oil Producing Countries (CPOPC) to regulate the edible oil’s production, stock, and market prices is a step in the right direction, according to the Malaysian Institute of Economic Research (Mier).

This is because there is an urgency for both Malaysia and Indonesia to introduce a price stabilisation mechanism for crude palm oil (CPO), said the research institute’s deputy director Dr Ahmad Fauzi Fauzi in an interview with The Edge Financial Daily.

“Malaysia and Indonesia need to have a round-table talk to individually agree on the price stabilising mechanism, whether this price stabilising mechanism is separate or it can be the same or even morevoluntary,” Ahmad Fauzi said.

Earlier this month, both countries agreed to spearhead the establishment of the CPOPC, which was reportedly agreed on between Prime Minister Datuk Sri Najib Razak and Indonesian President Joko Widodo during a meeting at the Prime Minister’s Office in Jakarta on Sunday. The formation of the CPOPC is the biggest achievement in the bilateral relations between Malaysia and Indonesia, and will bring greater benefi ts to the palm oil industry,” Najib said on his Twitter account on Tuesday.

The two countries collectively account for 85% of global palm oil production.

Ahmad Fauzi said Malaysia’s CPO exports are currently highly dependent on the purchasing power of importers such as China, India, and countries in the European Union (EU) and the Middle East. “Yes, the drought season in India is defi nitely going to increase the CPO demand, but don’t forget that China’s economy is slowing down as well,” he said.

Ahmad Fauzi said the factors that affect CPO prices are making it more diffi cult to forecast its outlook. “We might think that the weakening ringgit is going to stimulate CPO exports, but the fall in crude oil prices has also affected demand for biodiesel (which uses CPO) and damped some major oil exporting countries’ purchasing power,” he added. Nevertheless, Ahmad Fauzi said it is extremely important for Malaysia to remain competitive in the palm oil industry, particularly for existing players.

“However, the world’s rate of bad times, and harvest when prices are at their lowest, is the time when you can get good valuation for acquisition, and negotiate good quotations for mill upgrading with some mills,” he added. “As such, the oversupply situation would not last long.

BY YIMIE YONG

Kuala Lumpur: Payments technology group MasterCard Inc is bullish about Malaysia’s electronic payment (e-payment) market, as the country moves towards a more cashless society, driven by Bank Negara Malaysia’s (BNM’s) commendable steps in promoting and facilitating the development of e-payment mechanisms in the country.

The increasing penchant for Malaysian consumers to shop online as more Malaysians access the Internet through their mobile phones — the number of 28.4% in 2012 to 94.5% in 2014 — also fuelled that optimism.

Last year, Malaysia ranked third in terms of mobile shopping growth in the Asia-Pacific, just behind Taiwan and India, according to a recent MasterCard mobile shopping survey. Malaysia posted over 200% growth, up from 25.4% in 2012 to 45.6% in 2014.

As such, MasterCard sees Malaysia as the fastest-growing e-payment market in ASEAN over the next five years, thanks to what it describes as the ‘forward-looking’ central bank’s relentless push for cashless transactions.

“We see great potential in the Malaysian market, and Malaysia will have the most advanced payment system in the ASEAN region (in the next 18 to 24 months),” said Sudhar Khan, MasterCard Asia-Pacific Pte Ltd’s group country manager for Indonesia, Malaysia and Brunei.

“By the end of the year, 42 million cards will be chip and PIN enabled, and all the cards, especially the debit cards, will be contactless. This would further boost the e-payment system as transaction times are mostly done in cash,” he added.

Khan, who is also the group’s head of Islamic payments for the Southeast Asia region, said Malaysia’s e-payment market growth will also be spurred by its number of inbound tourists and steady domestic consumption.

Meanwhile, recent developments, like the one-time password mandate by BNM, are helping to make customers feel safe in using their cards for transactions, he said.

The rising number of e-payment terminals — note that the central bank aims to increase the ratio from 6,100 people to 25,100 per month by 2020 — together with the introduction of mobile payment services and applications, as well as near field communication (NFC)-enabled mobile devices here, are also expected to boost cashless transactions, he said.

“About 30% of all the new terminals will be contactless. This will further boost the usage of mobile devices as another mode of payment,” he said.

Contactless payment systems are recovering key milestones, including NFC-enabled devices, including smartphones, that use radio frequency identification or NFC to make payments. Consumers only need to wave their card, phone or handheld device over a reader at the point of sale terminal.

Khan also added that card-based transactions now amount to US$38 billion (RM158.84 billion) per year — about 10% of the country’s gross domestic product (GDP) of US$326.9 billion in 2014 — while cash withdrawal from automated teller machines is about US$90 billion.

Malaysia is no longer considered a cash-based society as card-based transactions have now exceeded 5% of GDP, said Khan. “The 10% does not include Internet banking and other payment methods. If these are included, the number would go up 17% to 18%, which is quite substantial,” he said.

Still, compared with some advanced economies where card-based transactions account for over 70% of GDP, Malaysia still has a long room for growth. Khan said the introduction of contactless spending was only started after the implementation of the goods and services tax (GST) in April, during which MasterCard saw a decline in transactions, Khan said.

The situation had started to stabilise.

“Our growth numbers now are similar with what we see in the previous year,” he said, adding that consumers had started to accept the GST as part of their lives.

MasterCard is primarily involved in the processing of payment transactions.

PwC to hold first Building Trust Awards

BY MEENA LAKSHANA

KUALA LUMPUR: Auditing firm PriceWaterhouseCoopers (PwC) Malaysia will hold its first Building Trust Awards to recognise 10 pub- lic-listed companies that inspire trust through corporate reporting and its public perception.

In a statement, PwC said the company’s corporate reporting will be based on the International Integrated Reporting Council’s (IIRC) Integrated Reporting Framework, and the companies’ public perception is according to investors and customers, based on analyses run by PwC’s in-house measurement framework and diagnostics tools.

Ten companies were shortlisted by PwC Malaysia based on these criteria. The 10 shortlisted companies will be announced at an awards ceremony on Nov 30. The International Integrated Reporting Framework is inspired by PwC UK’s Building Public Trust Awards, which is now in its 13th year. It was conceptualised to reinforce the need for trust as the currency for business in an increasingly disruptive marketplace.

“Malaysia’s managing partner Sriharan Suri Naful said the company is organising the Building Trust Awards to encourage and inspire trust in institutions and corporates globally is at an all-time low.

“We firmly believe that corporates should take on the mandate to rebuild trust,” he said.

In the awards’ program, the awards’ criteria are inspired by PwC UK’s Building Public Trust Awards, which is now in its 13th year. It was conceptualised to reinforce the need for trust as the currency for business in an increasingly disruptive marketplace.

Ten companies were shortlisted by PwC Malaysia based on these criteria. The 10 shortlisted companies will be announced at an awards ceremony on Nov 30. The International Integrated Reporting Framework is inspired by PwC UK’s Building Public Trust Awards, which is now in its 13th year. It was conceptualised to reinforce the need for trust as the currency for business in an increasingly disruptive marketplace.

PwC to hold first Building Trust Awards

Sriharan: We firmly believe that corporates should take on the mandate to rebuild trust.

“PwC firmly believe that corporates should take on the mandate to rebuild trust,” he said.

In the awards’ program, the awards’ criteria are inspired by PwC UK’s Building Public Trust Awards, which is now in its 13th year. It was conceptualised to reinforce the need for trust as the currency for business in an increasingly disruptive marketplace.

Ten companies were shortlisted by PwC Malaysia based on these criteria. The 10 shortlisted companies will be announced at an awards ceremony on Nov 30. The International Integrated Reporting Framework is inspired by PwC UK’s Building Public Trust Awards, which is now in its 13th year. It was conceptualised to reinforce the need for trust as the currency for business in an increasingly disruptive marketplace.

Tender: It (trust) is a key priority for many developed and emerging economies in the wake of recent corporate scandals.

“Tender: It (trust) is a key priority for many developed and emerging economies in the wake of recent corporate scandals,” he said.

The 10 shortlisted companies, according to the company’s website, were shortlisted after the lead in promoting a meaningful dialogue on trust in the journey towards inspiring reform among businesses, he also said.

He said that there is also growing evidence that being trustworthy can be a key competitive advantage for companies, especially in times of crisis, helping them recover more swiftly than those who are not seen as having genuine competitors as well as helping them overcome shareholders’ scepticism.