



# The Malaysia Fintech Ecosystem Report 2019



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## INTRODUCTION

While the word 'fintech' has been there in Malaysia since 2013-14, it began to become a buzzword only in 2016-17. In the initial years, Financial Institutions (FIs) and Financial Services Industries (FSIs) were worried about the disruption fintech could cause to their business.

Customers were also wary of making online payments. However, the advent of more startups and the awareness they created resulted in drastic changes. Banks started adopting fintech and people began to transact online.

Today, Malaysia is one of the fastest-growing fintech markets in Southeast Asia. This report aims to shed some lights upon Malaysia's fintech industry and trailblazers, and how the industry has been shaping up since its introduction.





## RESEARCH METHOD

We have been working on this report for the past three-plus months. Most of the information, facts and figures were taken from **e27**'s own database.

We also gathered information from various reliable sources based in and out of Malaysia, including government agencies, fintech entrepreneurs, companies, other organisations and individuals, surveys, news updates, and interviews.

We sent out a detailed questionnaire to a few of the most active fintech people/ organisations, and their responses were put in a structured format and later converted them into slides. While we have tried our level best to do justice to this report, there is still a possibility that our team could not gather all information completely or with perfect accuracy. Feel free to contact us in case you have updated information.



## MALAYSIA AT A GLANCE

### TOTAL POPULATION

31.9 M



### BANKED POPULATION

81%



### INTERNET PENETRATION

85.7%



Sources: **Digital 2019 by Hootsuite, We Are Social** and Bank Negara Annual Report 2018



## MALAYSIA AT A GLANCE

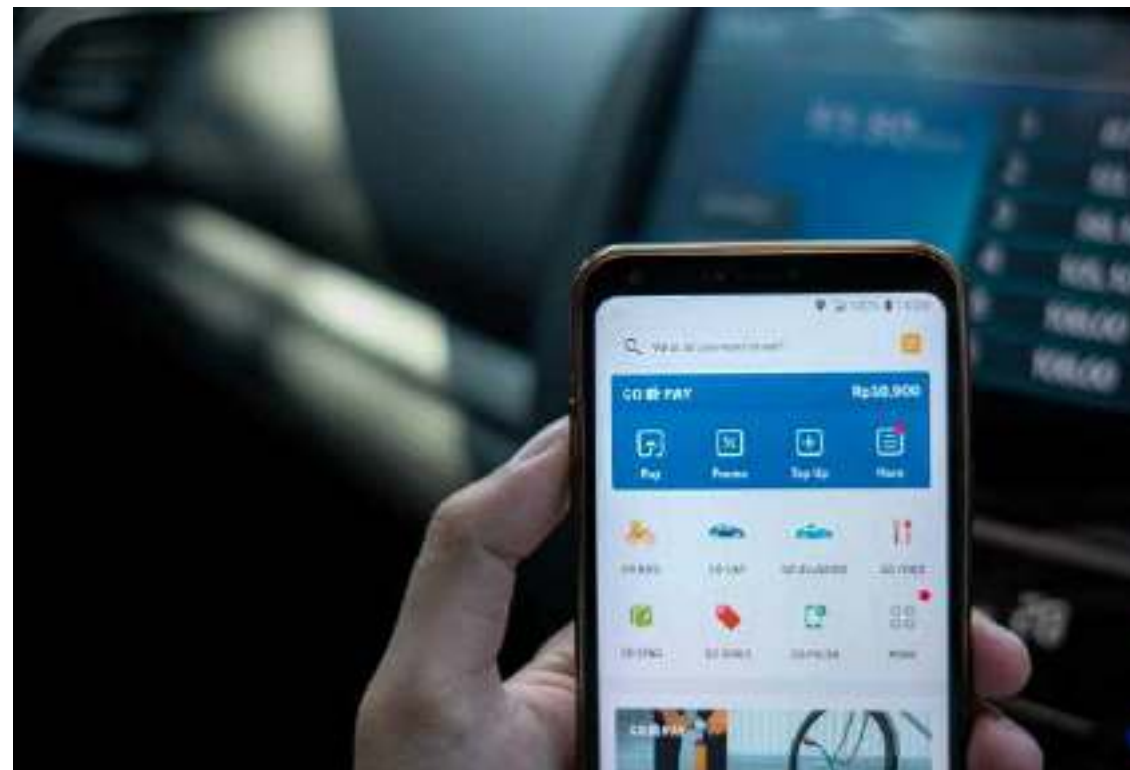
### M-PENETRATION

75.9%



### M-BANKING PENETRATION

40%



### DEBITCARD OWNERSHIP

74%



Sources: **Digital 2019 by Hootsuite, We Are Social** and Bank Negara Annual Report 2018

## MALAYSIA AT A GLANCE

### CREDITCARD OWNERSHIP

21%



### GLOBAL M-PENETRATION

4TH



### M-PENETRATION SEA

1ST



Sources: **Digital 2019 by Hootsuite, We Are Social**, Bank Negara Annual Report 2018



## WHAT IS FINTECH?

**Investopedia** defines fintech as a new tech that seeks to improve and automate the delivery and use of financial services.

Fintech helps companies and consumers better manage their financial operations and processes. In Malaysia, the use of technology in finance had existed long before the term 'fintech' arrived.

Online payment and e-banking services provided by the likes of **GHL**, **MOL Pay**, and **iPay88** existed in the 90's itself. Silverlake Group, which was founded in 1989, was among the first to provide core banking solutions to banks in the region. Today, fintech in Malaysia primarily revolves around digital remittance, P2P financing, equity crowdfunding and e-wallets, and these verticals are now dominating the consumer/SME financial services industry.



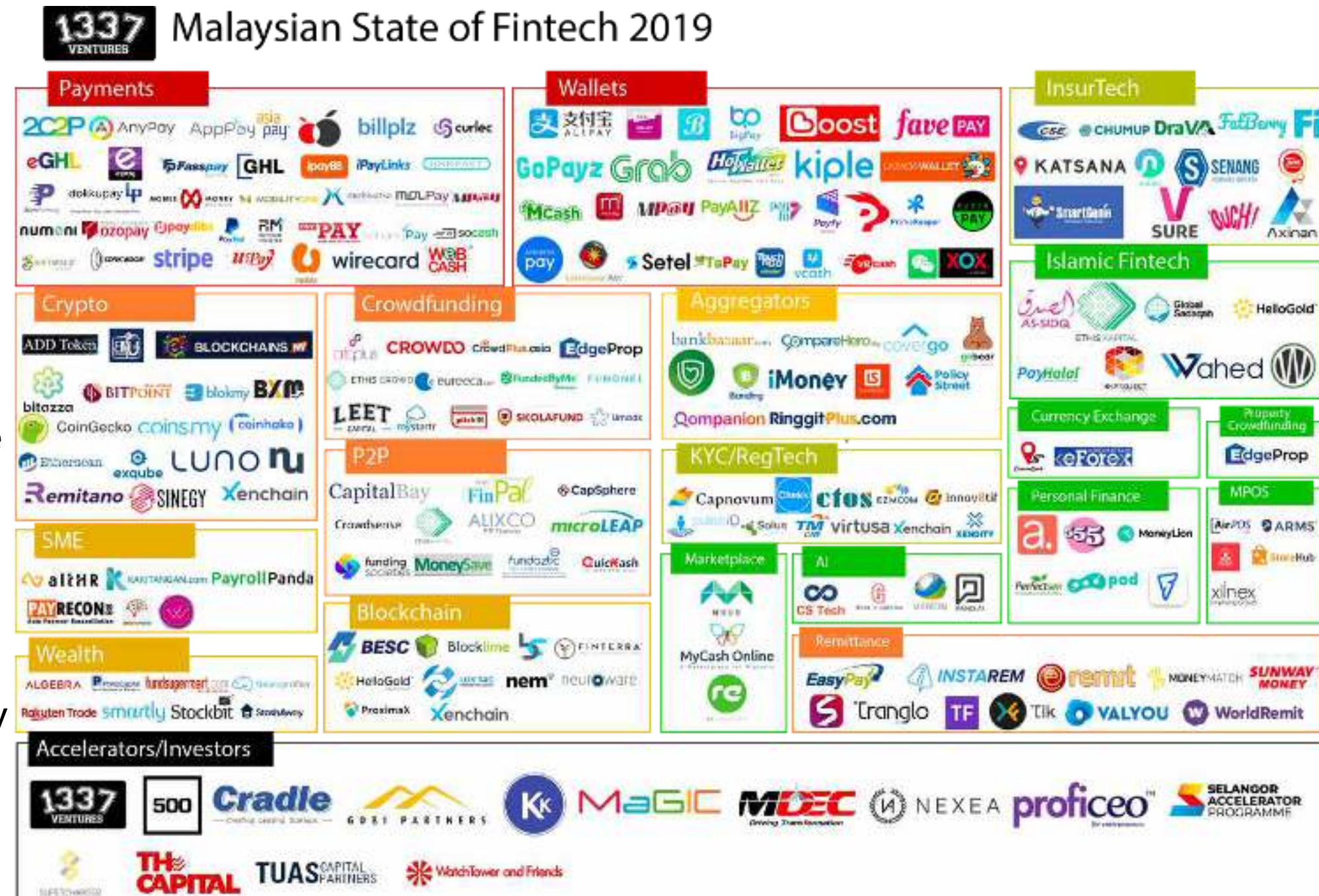


## A QUIET BEGINNING

Early fintech players faced bureaucratic hurdles, red-tape, and lack of consumer trust. However, central bank Bank Negara Malaysia's intervention changed the fintech landscape in the country.

In October 2016, it launched a Regulatory Sandbox to provide startups to experiment and work with the central bank on assessing the fintech "risk", and its potential upside to the financial industry.

The sandbox provided a platform for companies like **Jirnexu**, **MoneyMatch** and **WorldRemit**, among others, to test and improve their products and services, and eventually make a mark in their respective verticals. As of July 2019, there are **329 fintech startups in Malaysia**.



Sources: **1337 ventures**, **Tracxn**



## GOVERNMENT SUPPORT

The Malaysian government has been aggressively promoting fintech over the past three-four years. The key programmes run by the government are:

- 1 **Orbit:** Orbit is a fintech hub set up by **Malaysian Digital Economy Corporation** (MDEC) for startups and entrepreneurs, and hosts a regulatory bootcamp for fintech startups.
- 2 **Malaysian Digital Economy Corporation** (MDEC) for startups and entrepreneurs, and hosts a regulatory bootcamp for fintech startups.
- 3 **Fintech Academy:** A partnership between MDEC and regulators (Bank Negara Malaysia and Security Commission) to conduct regulatory bootcamps on a quarterly basis.
- 4 **Digital Finance Innovation Hub:** A partnership among MDEC, UNDCF and BNM to accelerate innovation within the Financial Sector.
- 5 **MyFintechWeek:** Hosted by Bank Negara Malaysia, it brings together industry movers and shakers in the fields of finance and technology for meaningful exchanges to shape the future of financial services.
- 6 **Islamic Digital Economy:** Helps fintech startups make their financial products more Shariah-compliant by tapping into the global Islamic economy.

## PRIVATE AND CORPORATE SUPPORT

### Corporate programmes:

- 7 **HLB Launchpad:** The HLB LaunchPad by HongLeong Bank is a platform to nurture new ideas and talent from fintechs and tech startups that will reinvent the way we bank today.
- 8 **MayBank Fintech:** A programme conceived in 2015 to attract companies to collaborate their fintech ideas and products with Maybank.
- 9 **CIMB Fintech:** Launched in 2017, the programme aims to provoke, incubate and execute ideas that will either redefine or enhance CIMB's products and service..
- 10 **Sunway Money:** A subsidiary of Malaysian conglomerate Sunway Group, Sunway Money is an online and licensed remittance house that enables you to send money overseas for a nominal fee.
- 11 **The Finlab:** The FinLab powered by UOB operates acceleration programs focused on propelling the growth of innovative fintech and technology companies and catalyses the digital transformation of businesses
- 12 **Openlab Innovation Challenge:** The programme run by HSBC aims to attract new talents from all industries with innovative digital ideas to solve real-life retail banking challenges.



## PRIVATE AND CORPORATE SUPPORT

### Corporate programmes:

- 1 **Financial Innovation Lab:** Funded by the MetLife Foundation, Financial Innovation Lab is running the B40 Challenge to find solutions that could drive usage of financial services by lower and middle income customers in Malaysia (or the B40 population) beyond access to bank accounts.

### Private Programmes:

- 1 **SuperCharger:** A fintech accelerator dedicated to both early-stage and scale-up startups (in partnership with MDEC).
- 2 **1337 Ventures:** An accelerator and early stage venture capital focused on doing pre-seed and seed stage investments (in partnership with MDEC).

### Other organisations supporting fintech

- 1 **Fintech Association Of Malaysia:** FAOM advocates for the local Malaysia fintech community and engages with industry players and regulators in pro-innovation policy-making .

## FINTECH AND BANKING

In the formative years of fintech's arrival, most banks weren't aware of the term fintech. Around 2015-2016, banks started organising hackathons, incubation labs etc. as a means to reach out to the fintech community.

However, as the fintech industry grew, banks started worrying. Regulatory uncertainty, pressure on margins, loss of market share and increased customer churn rate, and information security and privacy risks were some of their major concerns.

However, banks gradually realised that fintech can be a source of advantage and opportunity if played right. They started adopting various financial technologies to enhance their products and customer experience. Today, all leading banks in Malaysia have embraced fintech.



Sources: **PWC Survey**



## MORE FINTECH FOR BANKS

According to Alvin Gan, Executive Director of Management Consulting for IT-enabled Transformation at KPMG in Malaysia.

**The country's banks are keeping up with some of the global trends in fintech.**

Compliance and lending are two areas that Malaysian banks are looking to tap into.

RegulationTech (Regtech) is also gaining popularity among banks; in the lending space, some banks are hoping to use **Artificial Intelligence** for quicker search functions.

Alternative data scoring is also something financial players are looking at





## MAJOR BANK FINTECH PARTNERSHIPS





# MAJOR BANK FINTECH PARTNERSHIPS



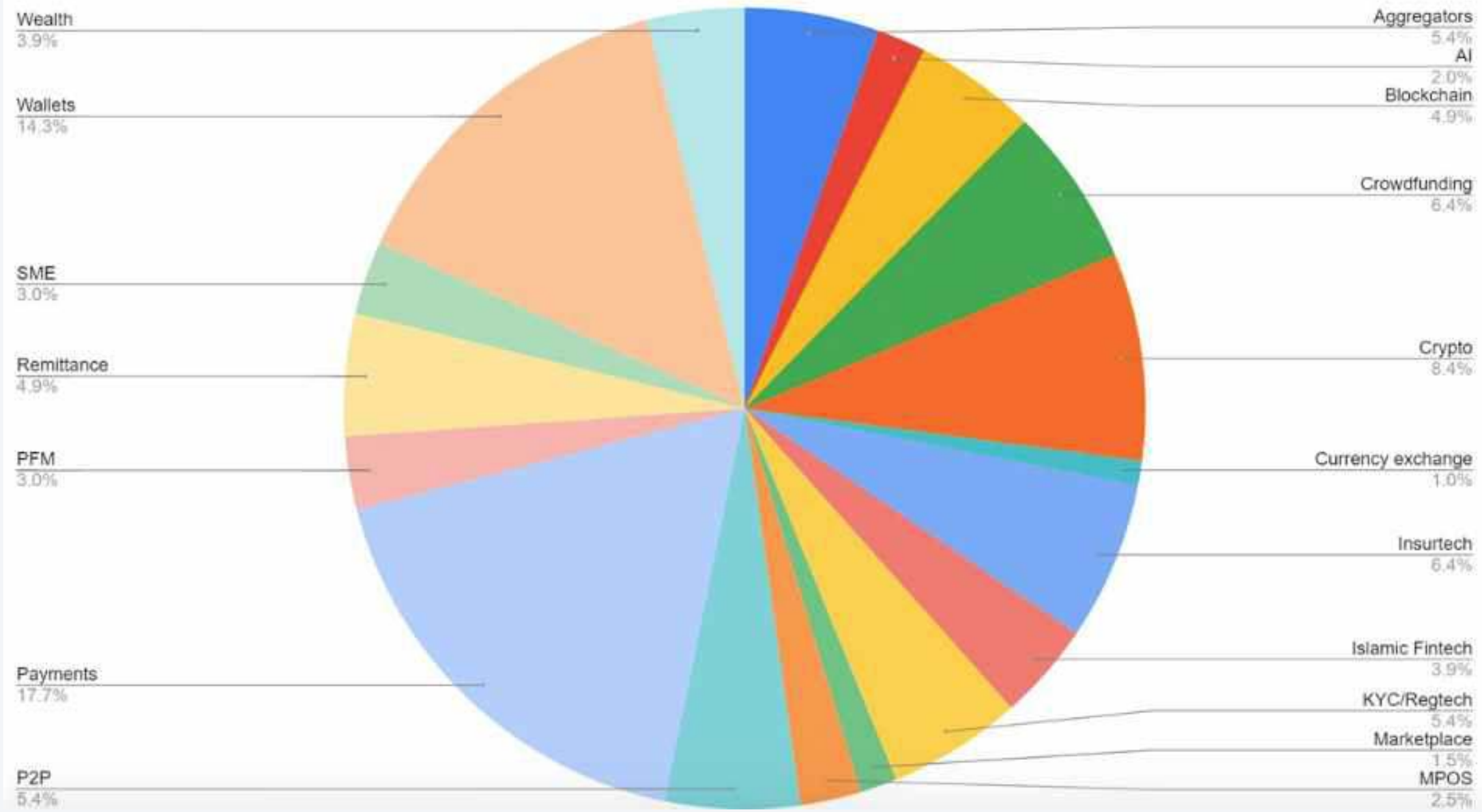
## MAJOR BANK FINTECH PARTNERSHIPS





## TOP 10 VERTICLES DOMINATING FINTECH (OCTOBER 2019)

Vertical by %



Sources: **1337 ventures**

# FINTECH AND NEW AGE TECHNOLOGY

## BLOCKCHAIN

- Eliminates the need for third-party validation
- Brings down customer onboarding cost
- Replaces the need for walk-in to the bank branch
- Allows a wider distribution of financial services at a cheaper cost.

## ARTIFICIAL INTELLIGENCE/MACHINE LEARNING

- Have big applications in advertising and customer profiling
- Can be used for doing customer due diligence
- Can be leveraged to check anti money laundering
- Can reduce human errors/intervention/crimes



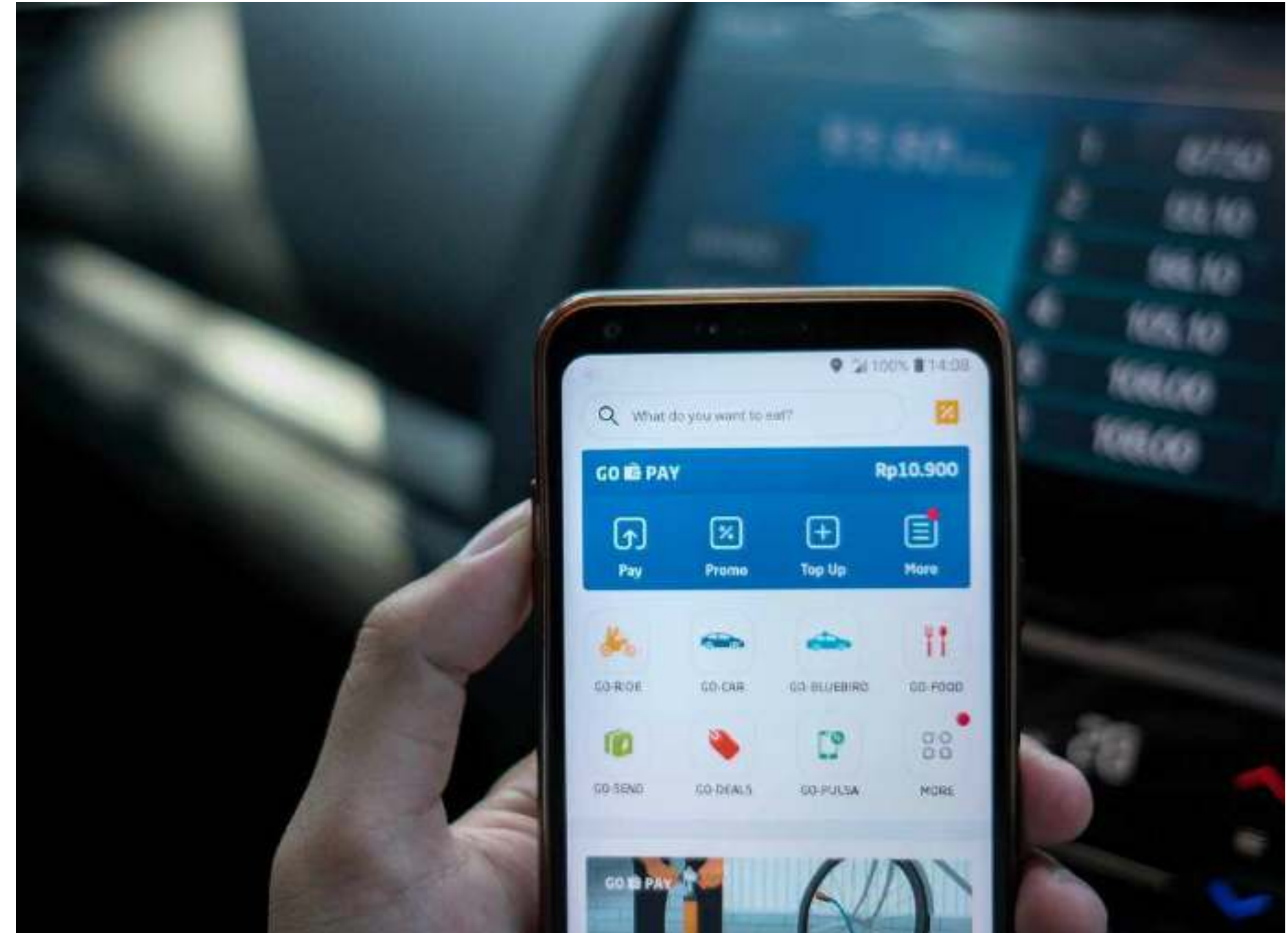


## MAJOR FINTECH BLOCKCHAIN STARTUPS

- HelloGold
- Blocklime
- Finterra
- Neuroware
- ProximaX

## MAJOR AI STARTUPS

- CS Tech
- data > opinion
- Pand.AI



## FINTECH AND ISLAMIC FINANCE

The adoption of Islamic finance through fintech has a large opportunity to connect with the masses, especially rural population who have less access to financial products and services.

For this, Islamic finance must forge its own path with fintech (it can't replicate conventional financial instruments/products and expect adoption).

Also, Islamic finance must utilise tech to meaningfully provide bespoke financial products suited to the needs of customers and microenterprises in rural areas (the rural population still represents the largest underserved customer base). Home-grown startups also can launch Sharia-compliant products for the global market. MDEC already has a framework in place -- Islamic Digital Economy (IDE) Mi'yar -- to assist Islamic digital players to scale and find demand for their products/ services.





## MOST ACTIVE STARTUPS IN FINTECH



Financial  
products/services  
comparison

Founder: Yuen Tuck Siew



QR code payments,  
e-wallet, lending

Founder: Joel Tay, Chris  
Leong



Digital cross-border  
payments and  
remittances

Founder: Adrian Yap,  
Naysan Munusamy, Ahmad  
Fazil Ahmad Fuad



P2P lending using escrow  
accounts

Founder: Kelvin Teo,  
Reynold Wijaya

## MOST ACTIVE STARTUPS IN FINTECH



Rewards and equity  
crowdfunding

Founder: Sam Shafie,  
Kashminder Singh



Working capital  
optimisation solution for  
SMEs

Founder: Edwin Tan, Ang  
Xin Xiang, Dion Tan



Financial business  
platform for property  
developers

Founder: Quek Wee Siong,  
Jason Ding, Joshua Ong,  
Jon Saw



Blockchain infrastructure  
for organisations

Founder: Mark Smalley,  
Ruben Tan, Zayan Hassin



## MOST ACTIVE STARTUPS IN FINTECH



Curated insurance policies platform

Founder: Lee Yen Ming,  
Wilson Beh, Winnie Chua



Payment platform for  
merchants

Founder: Nazroof Hakim



Digital identity for  
loan/insurance  
applications

Founder: Jeremy Chong



Payment gateway for  
enterprises

Founder: S.Baskar,  
Ahmad Zaki Tajuddin,  
Saravanan

## MOST ACTIVE STARTUPS IN FINTECH

The logo for iMoney, featuring the word "iMoney" in a blue, sans-serif font.

Financial products/  
broadband services  
comparison

Founder: Bruno Araujo,  
Ching Wei Lee

The logo for NIUM, featuring the word "NIUM" in a blue, sans-serif font, with a stylized "N" and "I" above it.

Cross-border payments, fund  
transfer and remittance

Founder: Prajit Nanu,  
Michael Bermingham

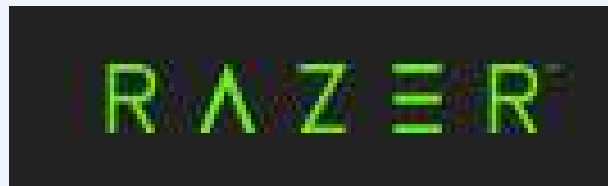
The logo for KATSANA, featuring a red location pin icon followed by the word "KATSANA" in a black, sans-serif font.

Motor Insurance and  
driver insurance  
protection

Founder: Syed Ahmad  
Fuqaha



## TOP-FUNDED FINTECH STARTUPS



USD 169 million

Major Investor: Razer  
Inc.



USD 27 million

Major Investor: Experian,  
SBI Group, Gobi  
Partners, Cento  
Ventures, SIG China,  
Celebes Capital



USD 12 million

Founder: 500 Startups,  
Dani Sdn Bhd

## TOP-FUNDED FINTECH STARTUPS

The logo for iMoney, featuring the word "iMoney" in a blue, sans-serif font with a stylized "i" and "y".

USD 10.7 million

Major Investor: iSelect,  
Econa AG, Rebright  
Partners, Jungle  
Ventures, Pegasus Tech  
Ventures, 500 Startups,  
Cradle Fund

The logo for SOFTSPACE, featuring a stylized green "S" and "P" followed by the word "SOFTSPACE" in a green, sans-serif font.

USD 5 million

Major Investor: Sumitomo  
Mitsui Card Company,  
Transcosmos

The logo for PrimeKeeper, featuring a blue stylized "P" icon above the word "PrimeKeeper" in a blue, sans-serif font.

USD 3 million

Major Investor: Undisclosed



## TOP-FUNDED FINTECH STARTUPS



USD 1.1 million

Major Investor: Axiata  
Digital Innovation Fund



USD 700,000K

Major Investor: Undisclosed



USD 535,000K

Major Investor: KK Fund

## TOP-FUNDED FINTECH STARTUPS



USD 500,000K

Major Investor: Undisclosed



USD 472,000K

Major Investor: KK Fund



USD 357,000K +

Major Investor: JC  
Management, 500  
Startups, Ng Sek San



## PROMINENT FINTECH PERSONALITIES



Amran Hassan

Head of Innovation,  
Maybank



Aznan Abdul Aziz

Head of the Financial  
Technology Enabler  
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Chang Chew Soon

Founder, Soft Space



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## PROMINENT FINTECH PERSONALITIES



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Jasmine NG

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## PROMINENT FINTECH PERSONALITIES



Khairil Abdullah

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MyCash Online



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Ng Wan Peng

COO, MDEC

## PROMINENT FINTECH PERSONALITIES



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Raja Teh Maimunah

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Ridzuan Aziz

Country Director and Head of ASEAN, WorldRemit

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CEO, pitchIN



Suhaimi Ali

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Malaysia



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Chief Editor (Malaysia),  
FintechNews



Wilson Beh

Co-founder, PolicyStreet



## ACTIVE VCs IN FINTECH



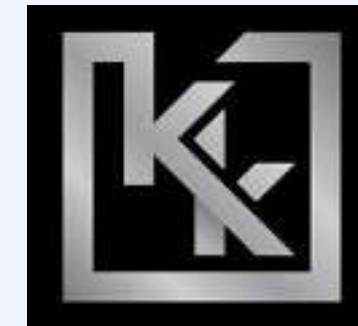
500

Startups invested:  
iMoney Group, Fave,  
BillPlz, HelloGold,  
MyCash Online



Mountain Partners

Startups Invested: Ethis  
Ventures



KK

Startups invested:  
iMoney Group, Fave,  
BillPlz, HelloGold,  
MyCash Online

## ACTIVE VCS IN FINTECH



Tuas Capital Partners

Startups invested:  
PolicyStreet, CapitalBay



1337 Ventures

Startups invested:  
Senang Pay, Pod app,  
PayRecon.co



Gobi Partners

Startups invested:  
Jirnexu

## MAJOR EVENTS AND MILESTONES

- MOL Pay filed for IPO on NASDAQ in 2014
- Malaysia became the first country in ASEAN to license ECFs in 2015
- Sandbox Framework launched in 2016
- Razer acquired MOL Global in 2018
- Experian led US\$10million in Jirnexu in 2018
- 3 digital asset exchange were issued in 2019





## WHAT MALAYSIA'S GROWTH MEANS FOR NEIGHBOURS

Since Malaysia enjoys a significant position in terms of growth of fintech, healthy competition will help spur growth in the fintech scene across different ASEAN.

Fintech services also have crossborder aspects to them. For e.g. digital remittances, multi-currency cards, and e-wallets for frequent travellers around ASEAN (such as BigPay in Malaysia and Youtrip in Singapore). Therefore surrounding countries will also see more adoption as users will expect ability to spend using cards/e-wallets when usage is more prevalent.

However, intra-ASEAN, for fintech services to be seamlessly accepted in ASEAN-10 requires similar infrastructure such as fast and stable internet connectivity, no government censorship, cloud computing in financial services, and open data policies.





## WHAT FUTURE HOLDS FOR FINTECH MALAYSIA

Malaysia has everything in place for fintech companies to succeed. Internet penetration stands at 80%, with users spending a daily average of eight hours and five minutes online.

It also has an up and coming large millennial working class. However, the adoption of fintech services is still a major challenge. Experts feel that tech companies need to build brand acceptance as consumers have a much higher inertia towards changing providers of financial products and services.

Age demographics also play a role in adoption. Most of the wealth resides with baby boomers or GenXers which may generally be less willing to consume financial services offered through online platforms. So the future mainly depends on designing fintech products that are suitable and approachable and contextually relevant.



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Chief editor of Malaysia,  
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## ABOUT E27

From the moment of inception, it was very clear what e27 was setting out to accomplish: give every startup a winning chance.

e27 started in 2007 as a blog to keep track of Singapore's spouting startups. It has since evolved into a platform – both online and offline – designed to help us deliver our mission of empowering entrepreneurs with the tools to build and grow their companies.

We produce content that cover the tech ecosystem around APAC, highlight innovative startups in the region, and bring forward insights from thought leaders.

We connect the ecosystem via events that bring the community together, and collaborate with groups and organisations whose goals help us provide startups with the insights, connections, talents, and opportunities to get the funding they need.

Stay up-to-date on news about APAC tech ecosystem via e27.co. Share your story on our platform. Join our contributor programme - begin now. Reach out to us if you're looking to boost your access to the APAC tech community through media, events, and opportunities.



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