

Empowering Communities with Digital Financial Services



The rain has been pouring since last week. Cikgu Har feels restless. She is running out of cash to pay for necessities. She is thinking whether to take the boat ride to Kuala Terengganu in this weather to withdraw cash or accept an offer for someone to withdraw money for her, a practice by some other residents in Pulau Redang.

But she has heard complaints. Hiring someone to withdraw money would cost a lot and sometimes the person withdraws more than what is requested. Cikgu Har also knows that she should not give her ATM card or share her personal identification number (PIN) with anyone. Doing so allows them to access her account.



In another part of Pulau Redang, Kak Zura, an owner of a small grocery store, is also worried. She has been receiving torn and spoiled notes that are not fit for use. She must pay her supplier later in the evening, but she does not have enough cash in hand. She is also afraid of losing her cash given the long walk from her store to the jetty, especially under the watchful gaze of strangers.

Redang: A Cash-less Island

These real-life circumstances motivated the locals in Pulau Redang to embrace digital payments and transformed this tourist hotspot into a cash-less island. The stories also illustrate how adoption of e-payment eased day-to-day payment activities, improved livelihoods, and enhanced efficiency of payments especially in less accessible areas.

Given the challenges faced by the residents of Pulau Redang, the “Bayo Dok Gune Pitih” (pay without using cash) programme was introduced on the island since 2018. It is a collaboration between the Bank, the Terengganu state government and financial industry players. To encourage greater adoption of e-payments among residents and local businesses, a three-pronged approach was adopted to ensure sustainable and inclusive digital adoption across the island:

- a) ensuring the infrastructure is in place to facilitate customer on-boarding;
- b) enhancing digital and financial literacy to foster the safe and effective use of e-payment in order to optimise its benefits; and
- c) encouraging wider adoption and confidence in e-payments by leveraging on local community leaders and various stakeholders.

Diagram 1: Three-pronged Approach Adopted to Promote e-Payment in Pulau Redang

Infrastructure readiness



- Payment players namely PayNet, Maybank and Hong Leong Bank worked with the Bank to provide support and incentives including monetary benefits during on-boarding and low e-payment acceptance costs for local businesses. Around 50 card terminals and QR codes were also deployed to enable card and subsequently, DuitNow QR payments on the island.
- Prior to the programme, authorities erected network towers in Pulau Redang, thus supporting more stable internet connectivity throughout the island. This enabled the smooth roll-out and use of e-payments.

Digital & financial literacy



- Multiple engagement sessions were conducted to familiarise the local community with the e-payment infrastructure and to educate them on using e-payment in a safe and secure manner.

Support from community leaders



- Community leaders, officers from local authorities and representatives from the member of parliament’s office actively engaged local communities to familiarise and encourage them on the safe use and benefits of e-payment.
- Activities to get closer to the local community such as the cleaning of suraus and community halls as well as the donation of goods amid the COVID-19 pandemic also helped gain further support from the locals in Pulau Redang on the programme.

Source: Bank Negara Malaysia

The outcomes of these efforts in Pulau Redang are clearly visible today. 73% of small merchants and businesses across the island have adopted e-payment while most of the other communities are in the midst of migrating as well. Of note, about RM65,000 worth of debit card transactions are made via merchants on this island each month, more than double the amount recorded when the initiative was first introduced.



Cikgu Har no longer worries about access to cash as she is now able to use e-payment to pay for purchases. More importantly, she is also relieved that she does not have to share her personal banking information with anyone. Now, she always has direct access to money in her account for use.



Meanwhile for Kak Zura, the shift to e-payment not only provides convenience, it also protects her from potential financial losses caused by spoiled or misplaced notes. Kak Zura no longer needs to pay her supplier in cash at the jetty. She can now pay from the comfort of her home. She is also able to keep a proper record of her sales transactions through her bank statement. The records will also help Kak Zura obtain financing from financial institutions to grow her business.

The adoption of e-payment in Pulau Redang for safer and more efficient transactions provides a useful blueprint for others to follow. Similar initiatives and collaboration have been pursued to digitalise payments in other places across Malaysia such as Pasar Besar Siti Khadijah in Kota Bharu and the wet markets in Pulau Pinang. As this trend continues throughout Malaysia, more will benefit from increased efficiency, convenience and security.

Diagram 2: Video ‘Redang: Sebuah Pulau Inklusif’ Documents the Success of this Outreach Programme¹



Source: Bank Negara Malaysia

¹ The video can be viewed via the link here: <https://www.youtube.com/watch?v=tGiOArZL-Cs>.

e-Duit Campaign

The success of the structured approach taken in Redang inspired the launch of a nation-wide e-payment campaign, **e-Duit!: Selamat, Senang, Segera** by the Bank and financial industry in October 2022. This campaign aims to coordinate e-payment initiatives by public and private sectors nationwide. This is with the view to sustain the positive e-payment growth trends already observed towards achieving the target of more than 15% CAGR of e-payment transactions set in the Financial Sector Blueprint 2022-2026 (Blueprint).

Diagram 3: e-Duit Logo



Source: Bank Negara Malaysia

A key focus of the e-Duit campaign will be to encourage good cybersecurity precautionary measures. Education on cyber-security measures is important and will remain a permanent, central feature in the campaign, as the strongest defence against financial fraud. A recent Bank survey² revealed that four out of ten respondents would be willing to share their bank account passwords with family and close friends. Additionally, almost two thirds of respondents do not pay attention to the security features of bank websites when performing online banking transactions. Under the e-Duit campaign, we will double down on efforts to teach and raise awareness among consumers on behaviours that can protect them against fraud, such as never sharing passwords or downloading malware-compromised apps from unofficial application stores. Further details on the safe usage of digital financial services can be found in the Annual Report 2022 feature article “Let’s Go Digital Confidently”³.

Diagram 4: Benefits of e-Payment

Secure



- Reduce potential losses due to robbery or theft from physical cash handling / transfers
- Security feature of e-payment instruments that can be customised to one’s risk appetite or use patterns provides added security
- High security standards imposed on e-payment operators and monitored closely by the Bank

Simple



- Payments can be made with a simple wave, tap or scan
- Automatic deduction / reload facilities available for better customer convenience
- Payment is recorded for easy future reference

Swift



- Quick payment service at any time and from anywhere across the globe
- No need to queue to make payment

Source: Bank Negara Malaysia

² The Financial Capability and Inclusion Demand Side Survey 2021 (https://www.bnm.gov.my/documents/20124/8440087/fsr22h1_en_box1.pdf)

³ Feature Article “Let’s Go Digital Confidently”

Throughout the multi-year campaign which will run until 2026, coordinated industry efforts will be ramped up to on-board new businesses, and curated education initiatives such as e-DuitDesa and e-DuitKampus will be carried out across the country to improve digital and financial literacy among financial consumers. An e-DuitDay, a designated day of the week on which the public will be encouraged to make all payments using digital means, is also being explored. During the e-DuitDay, businesses will be enlisted to encourage customers to use e-payment methods through awareness and promotional activities as well as benefit programmes tied to the use of e-payments.