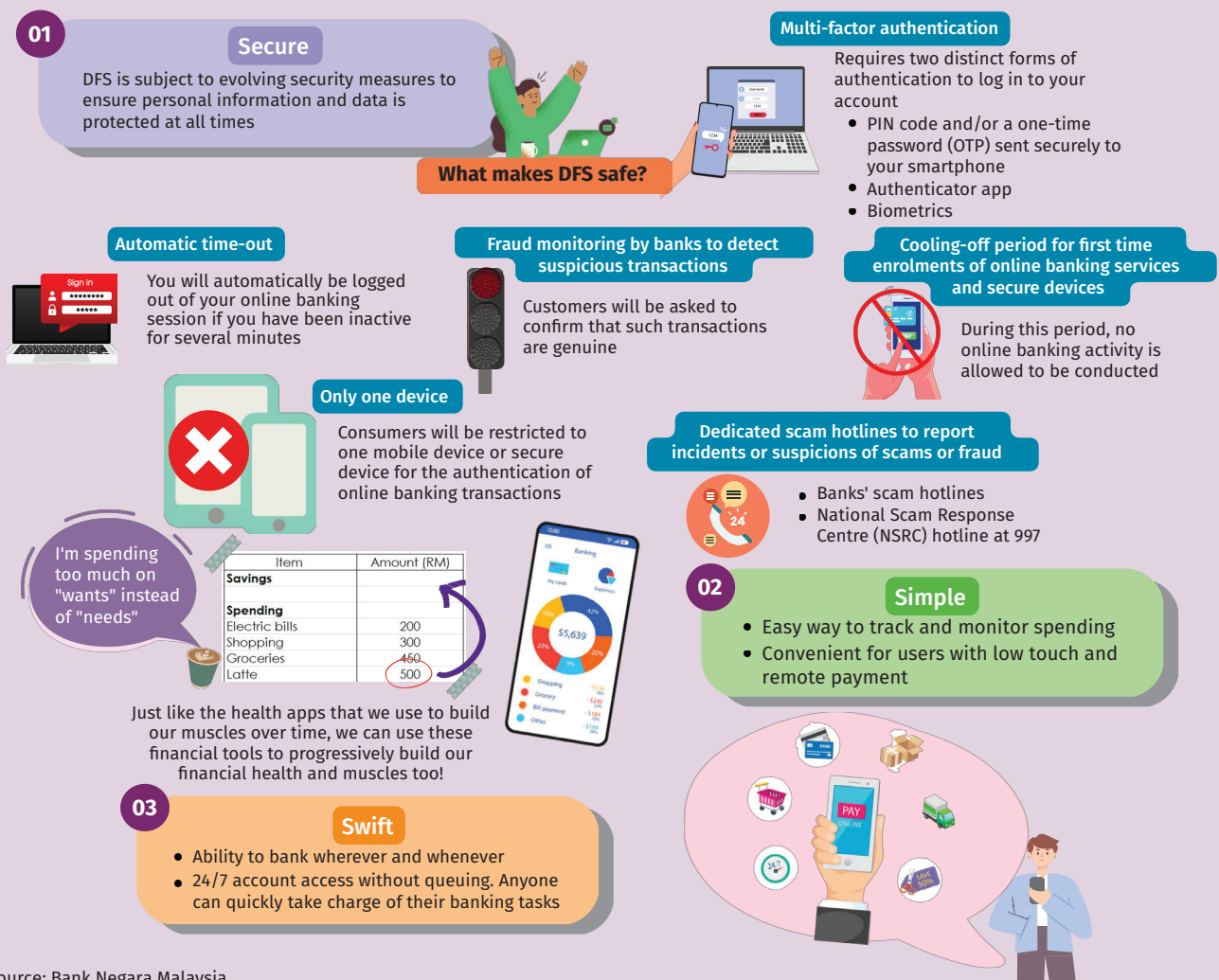


Let's Go Digital Confidently

While digital financial services (DFS)¹ have been around for a while now, the pandemic has accelerated their adoption at an unprecedented pace. Furthermore, there is an increased preference among consumers to choose cashless payment due to the growth in the gig economy, e-commerce² and digital nomads³, as well as the 'low-touch' experiences offered by DFS. The recent Financial Capability and Inclusion Demand Side Survey 2021 (FCI Survey 2021) conducted by the Bank estimated that 74% of Malaysians use DFS. Similar observations by the World Bank's Global Findex Survey 2021 showed that 79% of Malaysian adults use digital payments, of which 42% did so for the first time during the pandemic.

Recognising the potential of digital channels⁴ and consumers' growing desire for convenience and agility, banks have continued to expand their digital offerings to provide integrated solutions that meet consumers changing lifestyle (Diagram 1).

Diagram 1: Features of DFS - Secure, Simple, Swift



Source: Bank Negara Malaysia

¹ Comprise a broad range of financial services accessed and delivered through digital channels, including payments, credit, savings, remittances and insurance. It also includes mobile financial services - Alliance for Financial Inclusion (AFI) Digital Financial Services Working Group <https://www.afi-global.org/working-groups/dfs/>

² Mahadhir Aziz. (23 June 2022). *MDEC Tech Trends: Pandemic-Induced Growth of Digital Payments Propel Malaysia Into Next Fintech Wave*. <https://mdec.my/news/mdec-tech-trends-pandemic-induced-growth-of-digital-payments-propel-malaysia-into-next-fintech-wave/>

³ People who perform their work online from anywhere (e.g. cafe, co-working spaces, or other countries) rather than at a fixed office or business location

⁴ *Majority of Malaysians can go without cash for more than a week as digital payment usage increase - Visa Study* (13 January 2022). <https://www.visa.com.my/about-visa/newsroom/press-releases/majority-of-malaysians-can-go-without-cash-for-more-than-a-week-as-digital-payment-usage-increases-visa-study.html>

Low awareness and trust, confidence and still limited digital financial literacy, however, remain as barriers for some segments of society to adopt and reap the benefits of DFS. This underscores the importance of financial literacy as an important life skill that equips consumers with the knowledge and resources to navigate day-to-day financial activities effectively, responsibly and confidently.

Enhanced financial literacy, including digital financial literacy, ultimately empowers consumers to take better advantage of DFS in managing their day-to-day finances, leading to better lifestyle choices and well-being. For example, there are many digital do-it-yourself apps or tools that can help consumers organise their daily finances. Diagram 2 captures some common ways in which consumers have gone digital with their finances.

Diagram 2(a): Manage Your Finances Digitally

1 Build your savings with simple management tools online



SAVING

Saving money is essential to building wealth. Look out for a **microsaving app** that can integrate savings into your daily life. Some apps also allow you to set your financial goals. You can direct debit the amount from your account to your financial goal account - it is hassle-free!



MICROSAVING APP?

- Helps to save automatically in small and affordable amounts. Your small savings do add up
- Explore this function in banking or financial apps that are regulated by regulatory authorities
- Some have round-up features - allow the transfer of the spare change from your online transactions to a designated saving account or an investment account

Round-ups

Your expenses will be rounded-up to the nearest RM and the spare change will be automatically placed into your savings



2 Use e-wallet for convenience and safer transactions

NO MORE "OOPS, I FORGOT MY WALLET!"



01 Convenient

Whether you shop online, in-store or in an app, your e-wallet stores your information for easy and quick checkouts



02 Secure

- Your information is encrypted and not shared with third-party sources
- If you lose your physical wallet, your cash and cards can easily be stolen as compared to e-wallet

Take extra steps to safeguard your e-wallet

- Protect your phone and e-wallet with password or biometric authentication
- Keep your phone software updated at all times
- Install or enable security features. These can help you:
 - Locate your phone from any computer
 - Lock your phone to restrict access
 - Wipe personal info and e-wallet credentials from your phone



03 Rewarding

- Most e-wallet issuers offer users with extra incentives, exclusive deals or points
- You can save money by utilising the incentives or redeeming the points for your next purchase

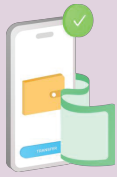


04 Organised

- You can easily track your transactions in e-wallet
- E-wallet can provide an overview of your spending patterns – give insights as to where you could improve your financial management

Source: Bank Negara Malaysia

Diagram 2(b): Manage Your Finances Digitally



3 Look out for online tools and resources to manage your finances



Financial Education Network (FEN) navigational website
www.fenetwork.my

- Financial literacy tools and resources for all life stages
- Wide range of topics by FEN members and partners

facebook.com/myfenetwork
instagram.com/myfenetwork
Financial Education Network
tiktok.com/myfenetwork



facebook.com/InvestSmartSC/



facebook.com/amaranpenipuan

Source: Bank Negara Malaysia

With significant growth in the number of financial apps and tools, consumers need to be digitally and financially astute to identify suitable digital products and services and use them wisely, including for investment purposes (Diagram 3).

Diagram 3(a): Be a Smart Online Financial Consumer



1 Explore opportunities for online investment that are licensed by the Securities Commission Malaysia

- Do your own research before you invest and understand the products' associated risks
- Be clear on your investment objectives

DIGITAL ASSETS

e.g. cryptocurrencies and stablecoins

- A source of opportunity or loss due to high price fluctuations
- Regulated by the Securities Commission Malaysia



OBSERVATIONS

Malaysians have **unrealistic** expectations on investment returns, which causes them to be susceptible to scammers

86%

Claim to understand that high returns relate to high risks



however...

53%

View annual return of between 20% - 30% per annum (which is unrealistic) as an acceptable return associated with low to medium risks

Source: "The Financial Capability and Inclusion Demand Side Survey 2021" box article in BNM's Financial Stability Review: First Half 2022



Do not deal with unlicensed or unauthorised entities or individuals to avoid various risks

You may not have access to legal recourse in the event of a dispute

Always verify against:

- Financial Consumer Alert List by Bank Negara Malaysia
 - Entities or schemes wrongly perceived or represented as being licensed or regulated by Bank Negara Malaysia
- Investor Alert List by the Securities Commission Malaysia
 - Unauthorised websites, investment products, companies and individuals

EXPOSES TO RISKS OF



Losing money from investment scams



Breaking the law if involved in mule accounts and become the target of authority and investigation



2 Assess your risk appetite and tolerance level

Risk appetite
The amount of risk you are willing to accept to achieve your investment objectives

Risk tolerance
Acceptable deviation from your risk appetite

Source: Bank Negara Malaysia

Diagram 3(b): Be a Smart Online Financial Consumer

3 Get impartial advice from licensed financial planners, licensed Digital Investment Management (DIM) companies or authorities before you invest

DIM companies aim to replicate many of the key activities performed by traditional fund managers through online access

4 The best defence against scammers is knowledge

Learn to spot investment scams and their common features with T.I.P.U formula by the Securities Commission Malaysia

T	I	P	U
Tidak akan rugi	Indah khabar dari rupa	Peluang hanya sekali	Untung besar
<p>No loss in investment</p> <ul style="list-style-type: none"> Investors are promised that their investments are safe and no losses will be suffered 	<p>Too good to be true</p> <ul style="list-style-type: none"> If it is an unbelievable deal, it is most likely not real 	<p>Offer for a limited time only</p> <ul style="list-style-type: none"> If it is a legitimate scheme, there should not be any rush in making your decision 	<p>Huge returns</p> <ul style="list-style-type: none"> Do not fall for the sweet deals and purportedly big unusual profits on your investment




Source: Bank Negara Malaysia


Despite the more pervasive use of DFS, the recent FCI Survey 2021 findings showed that the level of digital financial literacy among Malaysians is still low. This gap would increase the risks of consumers falling prey to online fraud such as phishing, hacking attacks, unauthorised use of data and being used as ‘mule accounts’. Reported cases of victims falling prey to financial fraud and scams point to the compromise of personal information as the dominant risk factor. Taking steps to learn and build good cybersecurity habits to protect personal information, especially when using any digital platform to manage finances, can therefore go a long way to help reduce the chances of becoming a scam victim (Diagram 4).

Diagram 4(a): Take Control of Your Personal Information on Online Platforms

Your account is your responsibility




Do not disclose your financial or security information e.g. username, password, TAC/OTP to anyone (bank or government officials, close friends and family members included)



Use passphrases (instead of passwords) for each login account. Keep it a secret between you and yourself


Password is a combination of letters and symbols. **Passphrase** is created based on meaningful experience using sentence, words and symbols without personal information

Password	Passphrase
At least 8-12 characters	About 20-30 characters
May be meaningful or may not be meaningful	Should always be meaningful
Hard to remember	Easier to remember
Easier to crack	Hard to crack
Exchange letters for numbers and symbols e.g. 'at' with @, S with \$	Random words that make up a phrase or sentence. Can exchange letters for numbers and symbols
Example: S@ra#0708 (approximate crack time: 6 hours)*	Example: lloven@silem@kandte4 (approximate crack time: 148 years)*



Do not save your passphrases (or passwords) in your browsers

they are easy to break into!



Do not allow your account to be used by a third party or share your password, including with your close friends or family members

DID YOU KNOW?

- 4 of 10 Malaysians share passwords and/or PINs of bank accounts with close friends
- 9 of 10 Malaysians did not regularly change online passwords for online shopping and personal finance
- 6 of 10 Malaysians did not pay attention to the security of a website before making an online transaction



*<https://www.useapassphrase.com/>

Source: "The Financial Capability and Inclusion Demand Side Survey 2021" box article in BNM's Financial Stability Review: First Half 2022

Diagram 4(b): Take Control of Your Personal Information on Online Platforms

Be a digitally-savvy consumer

Be alert for phishing websites or malicious apps – do not fall for clickbait



Do not reply to suspicious emails, SMS, WhatsApp, or Telegram, click any link or download any attachment from an untrusted source. It provides easy access for malware to penetrate your devices

DID YOU KNOW?

Malware is a universal term to describe malicious software that can steal your sensitive information e.g. passwords, and view your digital activity



- ONLY download apps from Google Play Store, Huawei AppGallery or Apple App Store
- If you think you have installed a malicious app, immediately uninstall or remove it from your phone



Be suspicious of pop-ups – often disguised as a legitimate part of a website, but too frequent pop-ups could be phishing attempts



Ignore calls from unknown numbers, especially from different area codes and prefixes

WHEN IN DOUBT

Call the official numbers to verify. Banks or government agencies will never ask for your password and PIN, or instruct you to transfer money to another account

Handy tips to perform online transactions



Do not use public Wi-Fi or a shared computer when conducting banking transactions

- If it is really necessary, use a virtual private network (VPN) - this creates a private connection between your devices and the Internet



Log out of your online banking account or apps when you have completed your transactions

Source: Bank Negara Malaysia

Diagram 4(c): Take Control of Your Personal Information on Online Platforms

Follow these tips to be SAFE online

S **SECURE** your personal information
Scammers can easily trick you to get your information and photos to create a fake identity

A **ACT** proactively to protect your device
Activate multi-factor authentication and install the latest anti-virus or anti-malware

F **FOCUS** on the security features of the website or apps. Never conduct banking or online transactions on suspicious websites or apps

E **ESCAPE** from financial scammers. Monitor your bank statements and notifications. Report any suspicious transactions to your bank immediately

Tips to check a secure and trusted website

Step 1: Check for https (not http) and the padlock icon in the URL
The connection between your web browser and the website server is encrypted
Be mindful that a secured connection is not foolproof too! Do look out for other warning signs

Step 2: Hover your mouse over the URL but do not click
What you see may not be where you want to go

Step 3: Look out for bad spelling and/or grammar, and poor design of the websites

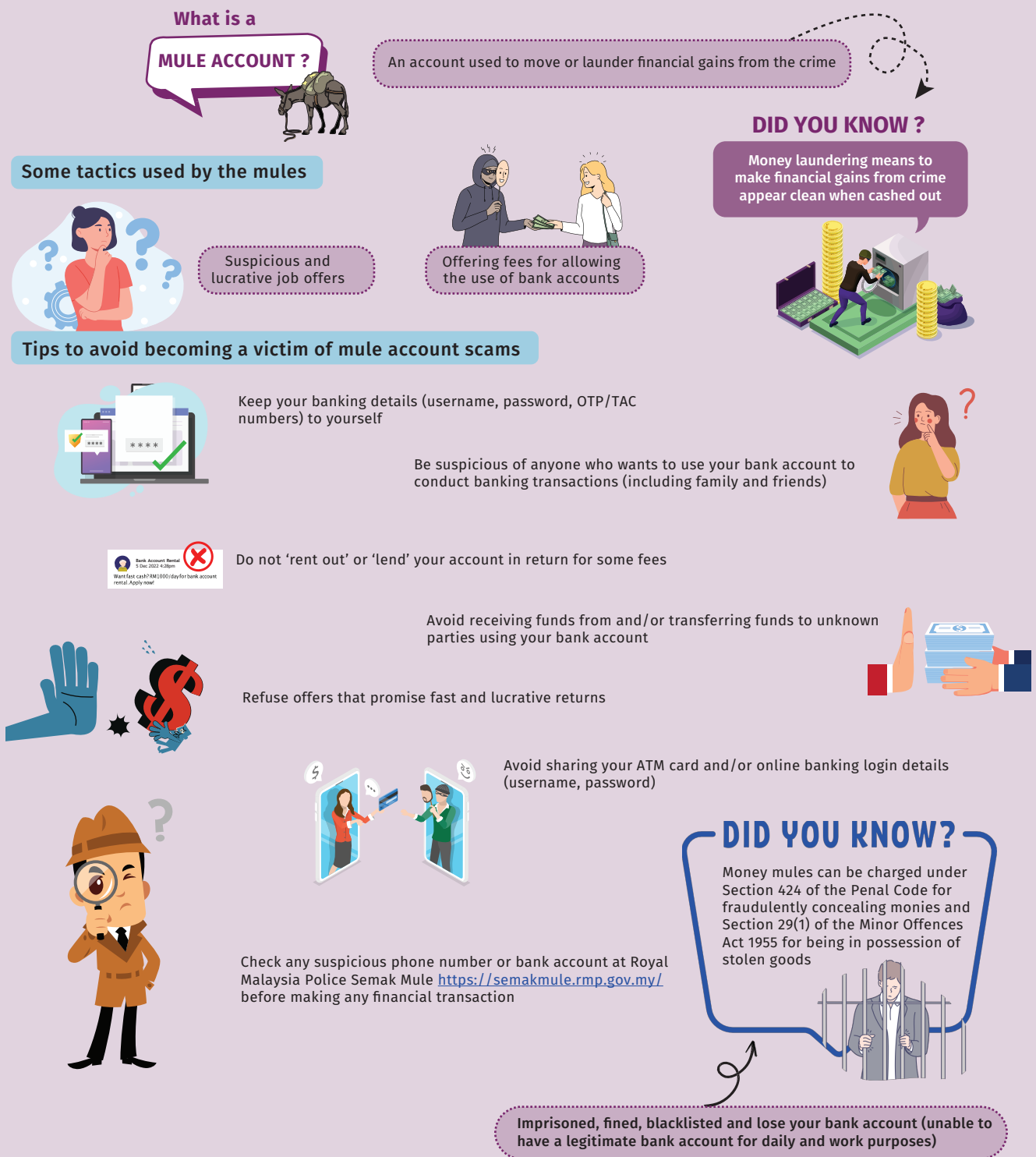
WARNING SIGNS TO LOOK OUT FOR

- domains that are entirely numbers e.g. <http://12.34.912.255>
- ends with a code for a foreign country unless you want to visit a website in a foreign country
- wrong domains within a link e.g., if an address should end in '.my' but ends in '.com'
- have hyphens and symbols in the domain names e.g. www.fenetwork.my is not the same as www.fe-network.my
- destination link looks suspicious and not what you expect

Source: Bank Negara Malaysia

Scammers will always find ways to launder their financial gains (or stolen money). They will likely need to move their proceeds from illegal activities via a bank at some point. The bank account used to launder the money becomes a 'Mule Account', making the account holder a 'Mule' (Diagram 5).

Diagram 5: Do not be a Mule!



Source: Bank Negara Malaysia

Indeed, consumers themselves are the best defence in the battle against scammers. However, in response to the increasing trend of online financial scams, the National Scam Response Centre (NSRC) has been established to enable swift and integrated action to tackle cyber fraud cases. If you have been scammed or think that you are a victim of a scam, take immediate steps to report the incident to your bank or to NSRC (Diagram 6).

Diagram 6: What to do if you have been scammed online?

If you fall prey to a scam or suspect that you may be a victim of a scam

STEP 1



Immediately call your **Bank's scam hotline (24 hours a day, 7 days a week)**. You can find the hotline number at your bank's website or BNM's Financial Sector Participants Directory at <https://www.bnm.gov.my/regulations/fsp-directory>

OR

Call the **National Scam Response Centre (NSRC) at 997** (8:00 a.m. to 8:00 p.m. daily, including public holidays) within 24 hours of the scam incident

Call 997

If you have already reported to your bank, you do not have to make another report to the NSRC

STEP 2



Lodge a **police report** after you have contacted your bank or NSRC to allow authorities to initiate a formal investigation

REMEMBER!

Be prepared to provide these information to your bank and NSRC

- Brief description of the scam incident (e.g. chronology of events)
- Your personal details (name, contact, ID, bank account number)
- Scammer's details (name, contact)
- Transaction details (bank account number(s), amount, time of transfer)
- Evidence to the police (e.g. screenshots of conversations with scammers)



Contact your bank even if the incident happened more than 24 hours to help authorities take action against the criminals

FAQ

Find out more about NSRC at <https://nfcc.jpm.gov.my/index.php/en/soalan/about-nsrc>

Source: Bank Negara Malaysia

While there is no assurance that you can recover your money, it is important to call your bank or the NSRC's 997 hotline immediately once you discover that you have been scammed to facilitate the real-time interception of the stolen money to prevent more financial losses.

If customers have other concerns or are dissatisfied with the services provided by their financial service providers (FSPs), the first course of action is to speak to the FSPs. FSPs regulated by BNM have a dedicated Complaint Unit to resolve customer disputes. If no response is received after 14 days from the timeframe provided by the FSPs or they are dissatisfied with the FSPs' decisions and failed to find an amicable solution, customers may refer to BNMLINK through [eLINK form](#). BNMLINK accepts general enquiries and complaints on matters relating to FSPs that are regulated by BNM. Customers may also refer to the relevant [redress channels](#) to address their complaints. This will depend on the nature of the complaint. For example, a customer can escalate his complaint to the Ombudsman for Financial Services (OFS) which serves as an independent alternative avenue to resolve a monetary dispute involving a licensed bank, insurance company or takaful operator. Its services are free of charge for financial consumers. OFS accepts disputes related to direct financial losses up to RM250,000 or losses caused by unauthorised transactions through the internet or mobile banking, ATM or cheque up to RM25,000. Further information can be obtained at <https://www.ofs.org.my/en/>. If consumers are still not satisfied with the resolution received from the redress channels, the consumers may proceed to seek legal advice.

In short, with the increasing range and importance of DFS, its effective use could help consumers to better manage their finances, take full advantage of the benefits offered, as well as spotting and avoiding scams. In other words, being equipped with digital financial literacy can help consumers to plan their finances, increase financial resilience and well-being, and embrace the digital world confidently.