

# Key Highlights on Financial Stability and Payment Systems in 2017

## Domestic financial stability continued to be preserved



Risks to financial stability were largely contained



Moderated growth of household debt



Low and stable default risk of Malaysian corporations



Pick-up in deposits growth



Improved onshore FX liquidity



Strong market support from domestic institutional investors



Financial institutions maintained strong buffers

### Banking Sector

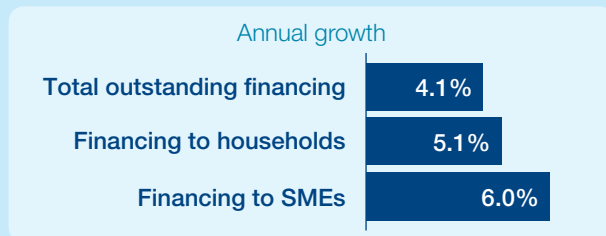
### Insurance and Takaful Sector

CET 1 capital ratio	13.3%	Capital adequacy ratio	234%
Net impaired loans ratio	1.1%		
Loan loss coverage ratio	115%		

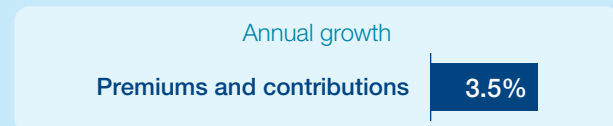
## Financial intermediation activities remained supportive of the economy



Businesses and households continued to have access to financing



Insurance and takaful solutions expanded for the wider society and economy



### New innovations in 2017

- Simple & affordable products** for the B40 segment
- Direct distribution channels** for pure protection products
- Greater pricing differentiation** for fire & motor protections

## Further progress made in e-payments

Growth since 2011



more than **2x** increase in e-payment transactions per capita

**42%** decline in cheque usage

almost **2x** number of POS terminal

more than **6x** increase in debit card transactions volume

## Various initiatives introduced to develop and strengthen the industry

Karnival Kewangan	eKYC for remittance	imSME	Employee Screening	Value-based Intermediation
eCCRIS	Regulated short-selling	Dynamic FX hedging	Responsibility Mapping	Open API

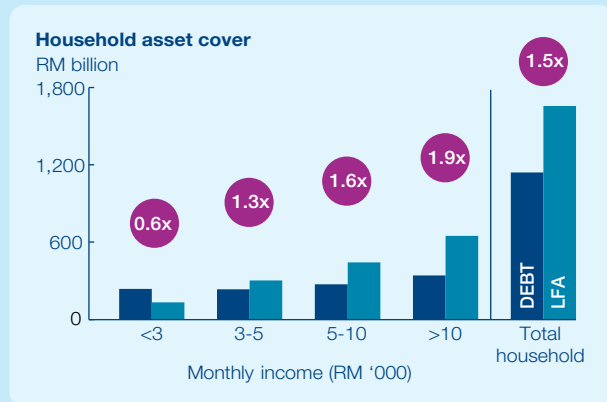
Source: Bank Negara Malaysia

## Key Highlights on Box Articles

### Preserving resilient households; expanding financial access

#### Indebted to Debt: An Assessment of Debt Levels and Financial Buffers of Households

Healthy household financial position with sufficient liquid financial assets (LFA) to cover debts; though lower income groups are more vulnerable to shocks

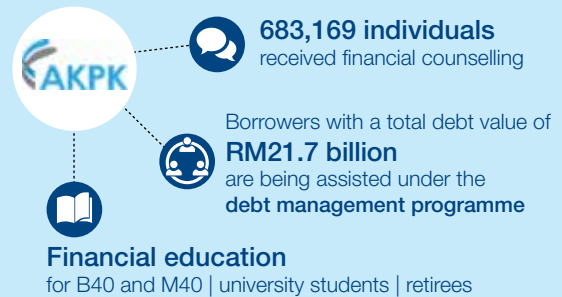


**94%** of borrowers have **positive financial margin**

**more than 1.2 times** coverage of potential losses under severe stress scenarios by banking system buffers

#### AKPK – Advancing Prudent Financial Behaviour

Strengthening the resilience of households through proactive interventions and financial education



#### Expanding Insurance and Takaful Solutions for the Underserved Segment

Financial safety net expanded through simple and affordable protection solutions for the wider society

#### Key features of



- Affordable pricing
- Provides good value
- Widely accessible
- Easy to understand
- Easy to purchase and make claim

### Elevating the talent quality and professionalism of the industry

#### Financial Sector: Employment Conditions and Preparing the Workforce for the Future

A more productive, higher-skilled and agile workforce is required to meet the emerging needs of the future

#### Five imperatives for building the financial sector workforce of the future

- Strengthen** | core competencies and professional standards
- Identify** | types and number of jobs at risk of displacement
- Incorporate** | consideration of the transition of staff into new roles within business plans
- Expand** | talent pool diversity
- Enhance** | data quality and transparency to support talent management

#### Strengthening Conduct and Culture in the Financial Industry

Uncompromising standards of integrity and professionalism are critical to preserve public trust and confidence

#### Two-pronged approach to influence the conduct of individuals within the industry

- Individual** | Robust screening  
Codes of conduct  
Whistleblowing  
Enforcement
- Contextual** | Culture supervision  
Accountability  
Professionalisation  
Remuneration