



MALAYSIAN ASSOCIATION OF MONEY SERVICES BUSINESS



# 4<sup>th</sup> Quarter Council Report

[12 September 2020 – 31 December 2020]

# Content

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# PRESIDENT'S MESSAGE

Firstly, allow me to express my greatest delight to have the trust and faith of the members, associate members and Council Members bestowed in me, as the incoming President of the Malaysian Association of Money Services Business (MAMSB). With boundless gratitude for the confidence placed in me and with an unwavering resolve to honour that trust, I humbly accepted the appointment in early September 2020.

Let me take this opportunity to also acknowledge the hard work and tremendous initiatives that were undertaken by the previous crop of leaders to ensure that our members receive full support and care during the outbreak of the Covid-19 pandemic.

When we took over the leadership of MAMSB in the 4th quarter of 2020, we were cognisant that the road ahead will be profoundly challenging due to the magnitude of the impact of the Covid-19 pandemic on our industry. Until today, with the continued restrictions like the Movement Control Order (MCO) and Enhanced Movement Order (EMCO), we remain uncertain of what lies ahead for the industry and MSB stakeholders alike. Having said that, the pandemic was a rude awakening for all of us on how the MSB industry like many others is susceptible to disruption. We were forced to consider new business models and mechanisms to strengthen our businesses to remain sustainable.

Whilst the MSB industry has begun to take serious effort to step into the digital era, we see now how we need to accelerate our digital transformation plan and become more robust. The MSB is facing a crucial phase where all of us should now collate and consolidate our ideas, vision and know-hows to create new roadmaps for our business post 2020 so that we can better mitigate and manage our businesses and elevate the industry as a whole.

Further, I must take this opportunity to express my gratitude to the MSBR team of Bank Negara Malaysia who understood the hardship and plight of our industry specifically the Class C members who lost almost 90% of their daily earnings. BNM's support throughout the



MCO via several financial recovery initiatives like the Penjana Tourist Fund Scheme and the MDEC Grants was helpful for those of us who needed to atomize our brick-and-mortar businesses. We are also thankful for the significant regulatory reliefs provided by the Central Bank to ease the impact of Covid-19 like waivers on staff training expenditures, exemptions on payment of annual fees and temporary suspension of the minimum capital fund requirements to name a few. These reliefs were indeed catalytic for all of us to remain afloat.

I am confident that the MSB industry will become more than just sustainable once we are able to align our businesses with the new MSB Strategic Blueprint expected to be ready by the beginning of the third quarter of 2021. This Blueprint will consist of business models that will create a game changing shift in the MSB industry like digitalisation and automation especially the role of E-KYC in the onboarding of customers, growth of mobile remittance, convergence between remittance and payments, mobilising a multiple principal agent MSB ecosystem, consolidation of the domestic MSB industry and etc.

The Association is looking forward to your strong participation and the inclusion of all members from the various classes and regions to bring their vision, capabilities and skills to make this new blueprint a successful one. Whilst we continue to work on our core initiatives, the Association will continue to push forward its focused tasks that are of key value to our members during the pandemic period. These initiatives include the following;

- Continued engagement with SME Bank to ensure members get better access to the Penjana Tourism Fund scheme;
- Connecting and negotiating waivers from Landlords where MSBs are located;
- Engagement with Ministry of Housing & Local Government on Mall Management for rental relief
- Proposing more inclusion through collaboration with the Ministry of Tourism and Culture
- Connecting with MDEC to obtain digital grants and other facilities
- Engaging with MSBR in a consistent manner for transparency and guidance
- Rebuilding and strengthening our GOCO Team with virtual training tools and pursuing JPK Accreditation programmes; and
- Strengthening the Secretariat to better serve the members

It is often said that in times of crisis, people look to leaders for assurance. We assure our members professional and fair leadership irrespective of class distinction and will continue to build on our strengths. We aspire to fortify the industry with new directions: not only in precipitating the digitalisation drive for the industry but mergers and acquisitions, upgrading of services, ideal-focused advocacy and collaborative initiatives to withstand future challenges for sustainability.

Our initiatives will require commitment, persistence and solidarity, I feel a strong sense of HOPE for our industry and its players;

- Hope because, we know more about the past challenges and threats and how to mitigate them;
- Hope because, we are continuously improving our efforts day by day to foster vigorous business continuity plans; and
- Hope because of all the evident and positive changes that everyone has contributed towards their business, families and our esteemed association.

I cannot stress enough that we are grateful and appreciative of our member's continued recognition that we are all in this together, as one humanity under one resilient Association, and that is what constitutes the strength of our esteemed Association as declared under our logo: By the Members and for the Members.

Thank You

**Dato' Sri Jajakhan Bin Kader Gani**  
**President**  
**Malaysian Association of Money Services Business**

## MAMSB Trajectory Since 2013

To be a respectable organisation and driving force to modernise and enhance professionalism of the money services business industry in Malaysia.

## Roles & Objectives

Promote modernisation and professionalism of members

①

Represent members' interest through constructive engagements with relevant stakeholders

②

Facilitate education, training and knowledge sharing amongst members

③

Promote self regulation via establishment of code of conduct and rules

④

⑤ Common platform to foster greater understanding and address issues

⑥ Promote consumer awareness of authorised money services business

⑦ Strategic collaboration with similar organisations or other relevant agencies

### 4<sup>TH</sup> Term Council's Milestones

To propel the MSB industry towards digitisation

To actuate the Multi-Principal Agent Business Model

To amend to the MAMSB Constitution

To move MAMSB into the AICB centre for excellence (ACE) building

To conduct robust GOCO trainings and other capacity building programmes

To develop and launch the new MSB Strategic Blueprint 2022-2026

# FOURTH TERM LEADERSHIP

## Council Members (2020/2022)



**DATO' SRI JAJAKHAN  
KADER GANI**

Jadeline Exchange Sdn Bhd  
*President of MAMSB &  
Chairperson of Education Committee*



**MR AKBAR BATCHA BIN  
MOHAMED SHAMSUDDIN**

Akbar Money Changer Sdn Bhd  
*Vice President of MAMSB &  
Chairperson of Code of Conduct Committee*



**MS SITI SAFINA BINTI  
SEENI NATHARALI**

Lifetime Link Sdn Bhd  
*Secretary of MAMSB*



**MS LEOW SU LIN**

Foo In Sdn Bhd  
*Assistant Secretary of MAMSB &  
Chairperson of GOCO Committee*



**MR ALBERT  
LIM POH BOON**

TML Remittance Center Sdn Bhd  
*Treasurer of MAMSB*



**MR ESPEN  
KRISTENSEN**

IME (M) Sdn Bhd  
*Head of Class A &  
Chairperson of Legal Committee*



**MR MOHD SANI BIN  
MOHAMED ISMAIL**

Munawarah Exchange Sdn Bhd  
*Head of Class C &  
Chairperson of 100 Days KPI Task  
Force Committee*



**MS CHONG HUI YEE**

E-Globex Sdn Bhd  
*Head of Class C*



**MR UMAR FAROOK  
BIN OTHMAN MYDIN**

Triple Trillion Sdn Bhd  
*Chairperson of Northern Region*



**MADAM ANALISA YIN  
BINTI ABDULLAH**

Akar Warisan Sdn Bhd  
*Chairperson of Southern Region*

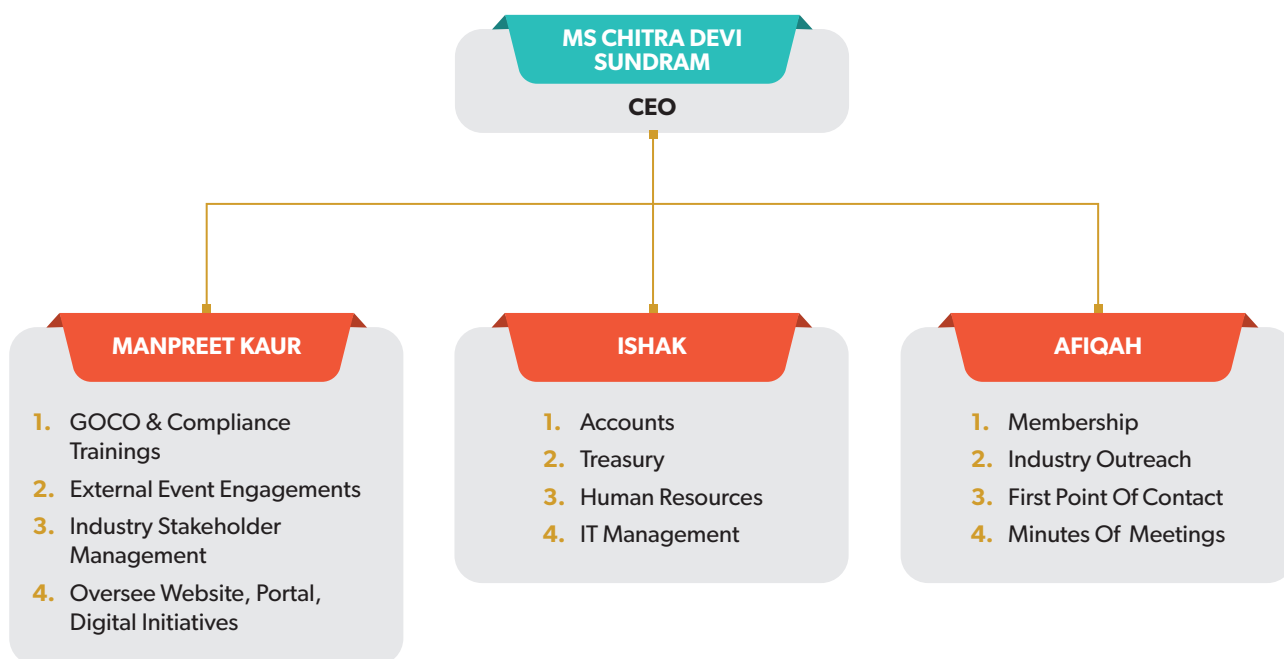


**MR LIM CHING SENG**

Triple Trillion Sdn Bhd  
*Chairperson of East Malaysia &  
Finance Committee*

# Secretarial Team

Ms Chitra Devi Sundram was appointed by the Association as Chief Executive Officer (“CEO”) and commenced her duties on 1 December 2020. The 4<sup>th</sup> Term Secretariat team which came into effect on 1 December 2020, consisted of the CEO and two existing staff and a manager with extensive experience in the financial services industry was appointed to oversee GOCO trainings, events and engagements. The Secretariat team were tasked to execute the daily administrative duties for the Association as seen in the diagram below.



The administration of the Secretariat’s activities consists of the main 3 pillars:

## (1) Membership

- Ensure accurate processing of new membership applications and the annual renewal of membership.
- Follow up with Members on the fees/renewal or pending requirements/documents.
- Act as the first point of contact for Members, taking enquiries via phone or emails and address on Members’ enquiries, complaints or concerns in a timely manner.
- Maintain and update membership database.
- Attend meetings and prepare minutes of meetings as required by the CEO.
- Create registration form and manage registration for the Association’s training events.
- Create online surveys and prepare analysis.
- Attending and preparing minutes for MAMSB committees and taskforces

## (2) Regulatory & Engagements

- Supervising and monitoring of all GOCO training activities and all other compliance programmes with BNM & industry players
- Monitoring and mobilising JPK Accreditation
- Mobilising the MSB Directors Education Programme (MDEP) for 2021
- Assisting in strategic thinking, development and implementation of internal and external industry engagements
- Event management

## (3) Accounts

- Accounting
- Treasury
- Human Resources – payroll, liaising with statutory bodies on employee contributions, Registrar of Societies (ROS) and general admin

The Secretariat proposed the appointment of an additional staff to assist in rolling out more events, capacity building activities via webinars, face to face workshops and other industry outreach activities envisaged under the new Strategic Blueprint (2022–2026).

By mid-December, due to resignations, the Association had to recruit new staff to replace their profiles. Currently, the Secretariat is being supported by the following staff who can be reached directly via their emails and mobile numbers:



**MS CHITRA DEVI SUNDRAM**  
**Chief Executive Officer**  
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 📞 +6019 221 7040



**MS KALPANA BHAI KRISNAROW**  
**Accounts- Admin Executive**  
 ✉ kalpana@mamsb.org.my

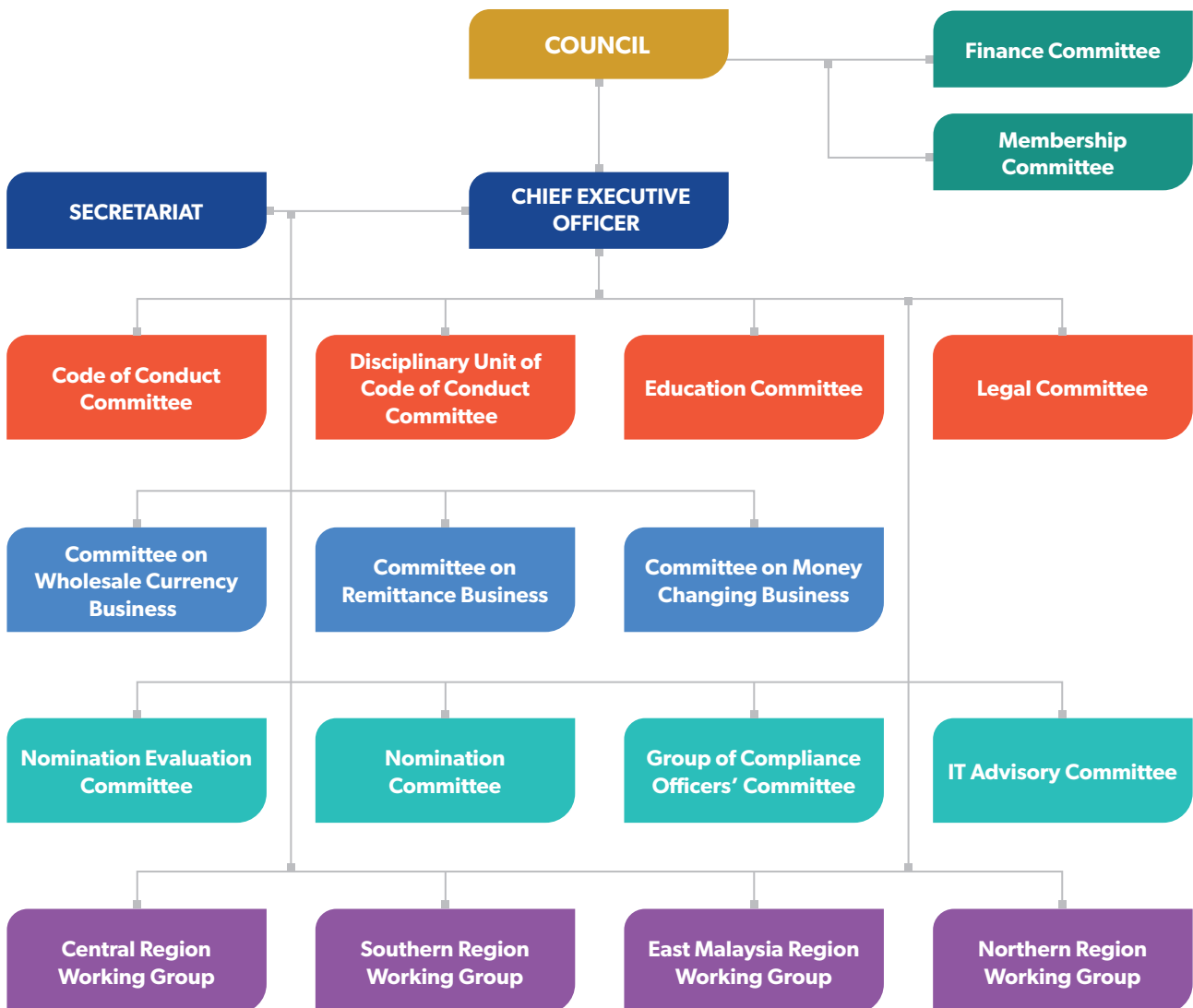


**MS MANPREET KAUR**  
**Manager-Regulatory & Engagements**  
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**MS BHAVANI RAJISPERAN**  
**Executive – Membership & Stakeholder**  
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## Organisation Chart





# COUNCIL REPORT – Q4 YEAR 2020

## 1. 100 Days KPI (Key Performance Index) Taskforce

The 4th Term Council on 30 October 2020, established a 100 day KPI Taskforce (Taskforce) to identify the key areas that needed urgent attention and action to ensure efficacious steps are taken to address the hardships of the members due to the pandemic crisis. Apart from the identified KPIs, the Taskforce will work towards fortifying the Association on several areas of importance; (1) MAMSB Strategic Blueprint; (2) MAMSB outreach activities.

The Taskforce consisted of 15 members who were segregated into groups to monitor the progress of each KPI to be executed by the CEO. The CEO was tasked to report and update the Council Members at the monthly Council meetings for their information and comments.

The Taskforce consisted of the following Members :

1. Dato' Sri Jajakhan Kader Gani
2. Mr Akbar Batcha Bin Mohamed Shamsuddin

3. Mr Albert Lim Poh Boon
4. Ms Siti Safina Binti Seeni Natharali
5. Mr Mohd Sani Bin Mohamed Ismail Mohd Sani
6. Ms Chong Hui Yee
7. Madam Analisa Yin
8. Ms Leow Su Lin
9. Mr Mohamed Ershad
10. Mr Mohamed Arshad Iqbal
11. Mr Ayaz Khan
12. Mr Kismath@Kismath Batcha Bin S M Ziaudeen
13. Tuan Haji Ahmad Syed Siddique
14. Mr Umar Farook
15. Madam Agnes Periera

The Taskforce identified 14 key main areas and convened on 30 October, 13 November and last on 23 December 2020 to monitor the progress of these KPIs. The KPIs and action taken by the Secretariat until 31 December is set out in the table below:

ITEM	KEY PERFORMANCE AREA	STATUS AS AT 31 DEC 2020
1.	Engagements with SME Bank for monitoring latest statistics on loans provided under PENJANA SME Programme for MSB industry.	<ul style="list-style-type: none"><li>• <b>16 October 2020</b> – The 2nd SME-Member Engagement Session was held which was attended by 41 members.</li><li>• <b>7 December 2020</b> – CEO Connected with SME Bank on pending issues. Confirmed a virtual meeting.</li><li>• <b>16 December 2020</b> – Virtual meeting on the following: <b>Updates on Applicants</b> – To provide latest updates on applications. MAMSB recorded 21 applications; of which 4 Approved and 9 under review and 8 rejected.</li></ul> <p><b>a. Edibility Criteria</b></p> <ol style="list-style-type: none"><li>i. Clear Notification to Member<ul style="list-style-type: none"><li>– Applicant to be notified clearly on the reasons for the rejection and if there are further actions, MAMSB can assist our members with.</li></ul></li><li>ii. IBITDA as an eligibility criterion<ul style="list-style-type: none"><li>– Association requested that when assessing the liquidity of the applicants from the MSB industry, SME should take cognizance of both the cash in hand and cash at bank scenario.</li></ul></li></ol>

		<ul style="list-style-type: none"> <li>– Director's entitlement to withdraw fees from the company/business should not affect the applicant's credit worthiness to make payments under the loan.</li> <li>– Application form has a provision for declaration of assets even though BNM clearly states no collateral is required.</li> </ul> <p>iii. BNM Initiative of providing 80% guarantee coverage</p> <ul style="list-style-type: none"> <li>– The Association also requested assistance to find out the general reasons for rejection when the guarantee coverage of 80% was mooted to assist the members to have a digital platform for sustainability.</li> </ul>
2.	Engagements with Malaysia Digital Economy Corporation (MDEC) for the grant under Smart Automation Grant (SAG) Scheme and another grant amounting to 50% or a maximum of RM5000 for procurement of digital solution from MDEC panel.	<ul style="list-style-type: none"> <li>• 15 October 2020 – Survey was sent to members to assess their digitisation requirements.</li> <li>• 3 &amp; 9 December 2020 – Connected with Mr Tang of MDEC on issues on how to assist members get this grant.               <ul style="list-style-type: none"> <li>i. To provide details on how many applied and rejected (indicated the amount was big)</li> <li>ii. Confirmed delay was on the part of BSN due to processing and feedback</li> <li>iii. Advised that due to very fragmented business environment suggested that MAMSB identify genuine players in class/sector/HR/ or digital requirement and organize a workshop with Mr Adrian of MoneyMatch. Then proceed to identify a TSP who can help mobilize the digitalization process chosen</li> </ul> </li> </ul> <p>MDEC confirmed that the grant will be extended until the funds get fully utilized</p>
3.	Explore tax reliefs and exemptions (if any) from Lembaga Hasil Dalam Negeri (LHDN) consequent to Covid 19 impact.	Discussions with LHDN but no affirmative response on any waivers for 2020
4.	Engagement with Ministry of Housing & Local Government (KPKT), local authorities and mall managements to seek rental relief for members	Secretariat provided targeted letters to members who requested assistance with Mall Landlords
5.	Engagements with Ministry of Tourism, Art and Culture (MOTAC) to discuss inclusion of the currency exchange sector as an impacted sector under MOTAC to be availed with reliefs granted by the Government for tourism industry.	<ul style="list-style-type: none"> <li>• <b>9 July 2020</b> – Last email by Mr Adam Malik to MOTAC.</li> <li>• <b>23 December 2020</b> – Secretariat followed up to introduce new CEO and proposed virtual meeting with Minister to collaborate on:               <ul style="list-style-type: none"> <li>i. Develop outreach programmes to elevate awareness and knowledge of consumers on authorised money services. The consumers will include the foreign visitors to our country; and enhance service quality in provision of money services including fair, responsible and transparent dealings with customers.</li> </ul> </li> </ul>

		<ul style="list-style-type: none"> <li>ii. For the education and outreach programmes, MAMSB plans to produce and distribute e-pamphlets on the use of authorised money services channels. These e-pamphlets will be made available to members registered with MOTAC including Tourism centers, travel agencies in Malaysia, Ministries, Embassies, High Commissions and Consulates in Malaysia, Malaysian Embassies in overseas and all the business premises of our Members and Associates.</li> <li>iii. MAMSB would also like to propose that MAMSB be part of the MOTAC portal similar to the Indonesian and Singaporean portal and apps to promote use of authorised money services channel and likewise MAMSB can do the same in our MAMSB Advisor.</li> <li>iv. Leverage on mass media e.g. through advertisement in newspapers, television programmes and radio talks to disseminate correct and timely information on authorised money services;</li> <li>v. Participate in relevant conferences and trade fairs e.g., MATTA Fair to create awareness.</li> </ul> <ul style="list-style-type: none"> <li>• Follow up was done in Q1 of 2021</li> </ul>
6.	Seeking exemption guidelines from Malaysia Competition Commission ("MYCC") for MSB sector for sustainable margins. Proposal was made for a reputable external auditor to be appointed on this subject.	<p><b>24 September 2020</b> – Secretariat wrote to MYCC on how to mitigate the price war among its members without infringing the Competition Act 2010. December 2020, Secretariat made several attempts to get an affirmative response on this issue but none was forthcoming. Secretariat to do discuss with BNM on this before proceeding further</p>
7.	Explore the availability of Human Resources Development Fund (HRDF) and PERKESO EIS Vocational Training Expenses for members' employees. This KPI also included exploring the potential of qualifying MAMSB as a training school and to outsource such training to external parties if needed.	<ul style="list-style-type: none"> <li>• <b>October 2020</b> – Secretariat registered the Association as HRDF training provider.</li> <li>• Was trying to obtain grants under PENJANA HRDF</li> <li>• <b>23 December 2020</b> – Education Committee initiated a meeting with external HRDF Trainers to explore potential of engaging them as trainers to obtain the Penjana HRDF.</li> </ul>
8.	Engagements with Bank Negara Malaysia (BNM) and relevant authorities to combat illegal MSB operators	<ul style="list-style-type: none"> <li>• <b>December 2020</b> – Secretariat established monthly reporting on complaints from Members and Associate Members on illegal activities. BNM agreed that: <ul style="list-style-type: none"> <li>• when there are long pending cases that don't get resolved for some reason or is in the "Warning List" for too long, then it can be taken up by Secretariat with Encik Faizal (Enforcement Dept)</li> <li>• To discuss with En Faizal if we can have the SOP for handling these complaints by BNM to upload on MAMSB website for the members knowledge.</li> </ul> </li> </ul>

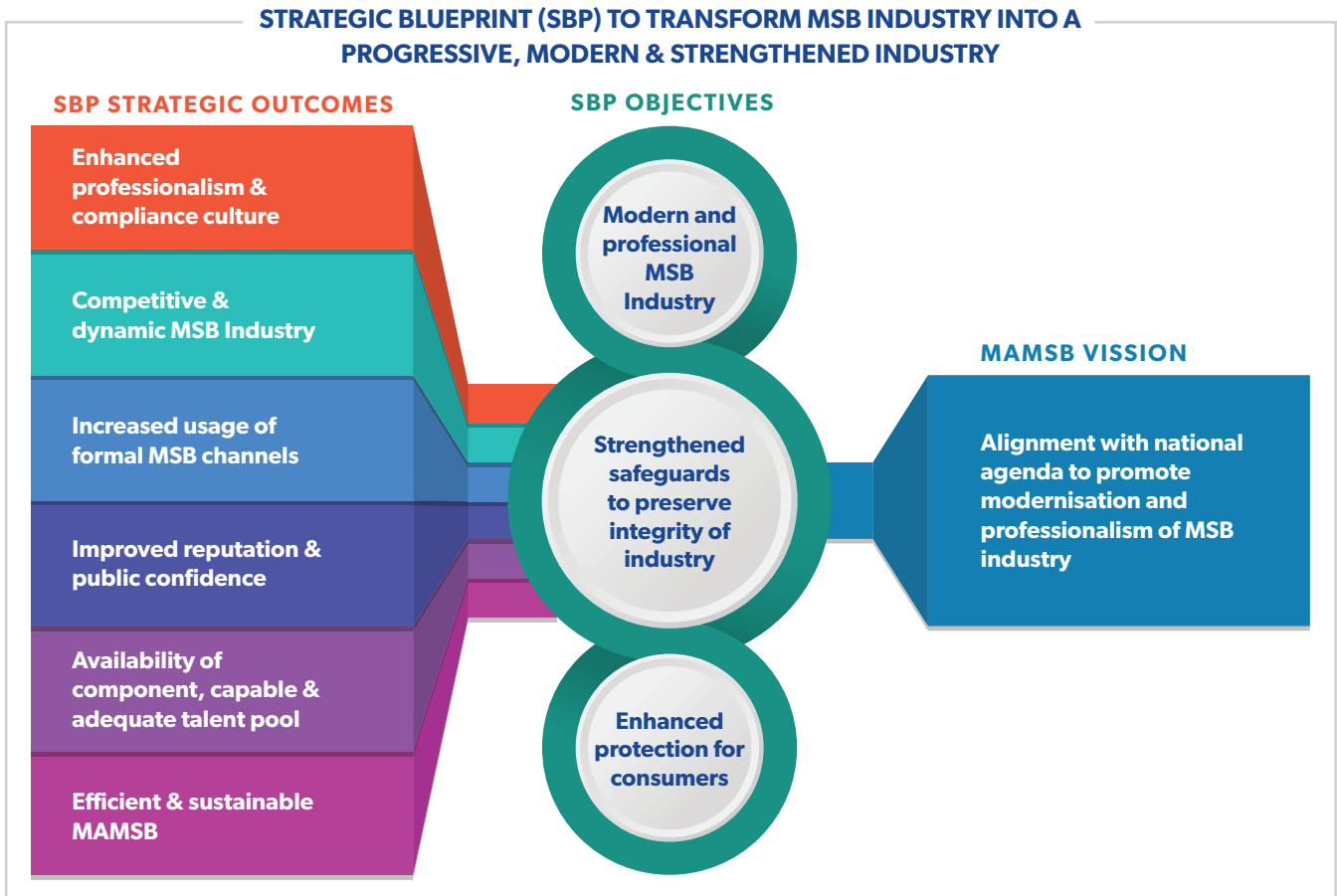
ITEM	KEY PERFORMANCE AREA	STATUS AS AT 31 DEC 2020
9.	<p>Engagements with Financial Accreditation Agency (FAA) and Jabatan Pembangunan Kemahiran (JPK) for the accreditation of Compliance Officers in the industry. 2 key task was identified: (i) to speed up the accreditation process (ii) refunding of payment paid due to misrepresentation.</p>	<p><b>JPK</b></p> <ul style="list-style-type: none"> <li>The accreditation status of the first batch of 28 candidates was clarified with JPK and a final list was established for Secretariat’s onward action.</li> <li>8 candidates under a previously appointed trainer were left unattended on his resignation and will be added into the training list once MAMSB gets a new trainer.</li> <li>20 members to be accredited under JPK by first week of June 2021 and the remaining 8 by end of 2021 The Secretariat jointly with the Assessors will determine the time lines for successful accreditation of the First Batch in January 2021.</li> </ul> <p><b>FAA</b></p> <p>The Secretariat had 2 virtual meetings with the CEO of FAA and his team on 23.12.2020 and 11.01.2021 with regards to FAA’s collaboration with MAMSB on 2 programmes:</p> <ul style="list-style-type: none"> <li>vi. Accreditation Programme for members who have completed the AML/CFT Certification Programme (Module 1-4)</li> <li>vii. FAA Individual Accreditation Programme (IAP) for MSB Compliance Officers; and</li> <li>viii. enhancing bilateral relationship via collaboration.</li> </ul> <p>The Secretariat acknowledged that as at 18 December 2020 the completion rate is 61% (145 candidates) and FAA has agreed to follow up with the 26 incomplete submissions and 2 pending portfolios from Batch 4, and 52 pending portfolios from Batch 5.</p>
10.	<p>Establish a proper functioning MAMSV Group of Compliance Officers (GOCO) portal to facilitate, coordinate and enhance GOCO’s functions in and for the MSB industry. Here the actions proposed are:</p> <ul style="list-style-type: none"> <li>– Re-elect GOCO team’</li> <li>– GOCO to be part of the Education Committee</li> <li>– To formalise the portal for accreditation and non-accreditation and under trained members</li> </ul>	<ul style="list-style-type: none"> <li>The Association did not conduct any training from 8 October until End December.</li> <li>GOCO Chairman identified 18 potential compliance who can assist.</li> <li>Planned the training calendar for 2021 with the Head of GOCO.</li> <li>As for the training material for revised AML/CFT Module, Module 1 is ready for roll out and Module 2 has been finalized.</li> <li>GOCO Portal in early stage of development by Glosap</li> <li>Jointly determined that GOCO will stand on its own and not as part of Education Committee</li> </ul>
11.	<p>Establish official channels (portal) for Members’ complaint(s), suggestions(s) and queries. Propose to integrate the help desk under members site on MAMSB portal where the members complaints, suggestions and queries are managed with proper reporting logs.</p>	<ul style="list-style-type: none"> <li>Revamping the MAMSB website</li> <li>Sourcing out for good web designers</li> <li>MSB Advisor- to explore if it can be promoted to serve this purpose</li> </ul>

ITEM	KEY PERFORMANCE AREA	STATUS AS AT 31 DEC 2020
12.	Seeking definite confirmation from BNM on issues pertaining to MSB Multiple Principal remittance, on its approval of guidelines and/or conditions. The completed framework to be presented to BNM and coordinated by Class A and C representatives.	<ul style="list-style-type: none"> <li>• <b>9 November 2020</b> - presentation of the Digitalisation Plan for the introduction of Multi Principal Agent Model to the members.</li> <li>• <b>December 2020</b> - continued review of the slides for Q1 presentation</li> </ul>
13.	Engagements with the regional members for update on current development of the KPIs and its progress.	<ul style="list-style-type: none"> <li>• <b>9 November 2020</b> - First Quarterly Engagement with Members on MAMSB Industry Proposal: MSB Licensees Digitalisation Journey- Mr Mohd Sani (Class C Council Representative).</li> <li>• <b>17 November 2020</b> – Presentation of the Development of Financial Sector Masterplan Consultation with MAMSB.</li> <li>• <b>19 November 2020</b> -The Secretariat initiated a virtual engagement session with members to brief on <ul style="list-style-type: none"> <li>i. BNM’s Blueprint for Financial Sector Master Plan for the next 10 years presented by Mr President,</li> <li>ii. Proposal for MSB Industry presented by Head of Class C Group;</li> <li>iii. PENJANA initiatives particularly financing and grants (for digital transformation and smart automation) offered respectively by SME Bank Berhad and Malaysia Digital Economy Corp (“MDEC”)</li> <li>iv. Briefing session with Mr Adrian of MoneyMatch; and</li> <li>v. Introduction of the newly appointed Chief Executive Officer for MAMSB</li> </ul> </li> </ul>
14.	Improving and enhancing MAMSB’s Constitution for future direction and implementation.	<ul style="list-style-type: none"> <li>• <b>12 December 2020</b> – Secretariat reached out the Head of Legal Committee, Mr Espen Kristensen on how to commence review of the Constitution and proposed that we work on the 2017 version that was proposed to the 2019 Council of the 3rd Term.</li> <li>• <b>26 December 2021</b> – discussions commenced to hold 1st Legal Committee Meeting on 6 January 2021</li> </ul>

The 100 Days KPI was developed as an initial mechanism for the 4th Council to commence its mandate in an efficacious and focused manner. Although the proposed term for the Taskforce was 6 months from the date of formation, the 14 key areas remain significant for continuous monitoring as the economic gloom will evidently spill over to 2021.

## 2. MAMSB Strategic Blueprint

The Association's aspiration to modernise and transmute the MSB industry towards a more professional platform in the Malaysian financial eco system is guided by the MAMSB Strategic Blueprint. The inaugural Strategic Blueprint 2015 -2020 (SBP 1) that was crafted in 2015, successfully identified the 6 Strategic Outcomes derived from the 3-fold objectives of the Association. These Strategic Outcomes have been the guiding pillars for MAMSB to develop initiatives to achieve its 7 objectives, depicted below under Table 1



**Table 1**

As reported in MAMSB's 2019 Annual Report, 55 Broad Initiatives were identified out of which 96 Action Plans were listed for the Association to undertake and complete. We noted that approximately 55% (53 initiatives) were on-going or accomplished, 13 Initiatives were in the Exploratory Stage, 12 Initiatives were In Progress and 18 Initiatives never got commenced.

In mid-December 2020, the Secretariat was about to commence review of the SBP 1 but was advised by BNM that the SBP 1 will expire as dated and a new Strategic Blueprint will have to be developed for the next five years (2022 to 2026). This is in alignment with the central bank's development of their blueprint for the next 10 years Financial Sector Master Plan.

Pursuant to the Regulator's aspiration, the Secretariat decided to form a taskforce by the 2<sup>nd</sup> week of January 2021 to produce the Money Services Business Strategic Blueprint 2 (SBP 2) for a more robust transformation

of the MSB industry. MAMSB endeavour is to catapult our brick and mortar segment towards digitisation and precipitate the growth of the industry in a holistic manner with new business models, innovation and strong governance. This Taskforce will comprise of strong MSB players in the digital eco economy and licensees from all 4 classes in the industry.

### THE KEY ENABLERS FOR THE SBP 2

1. Clear Strategies
2. Stakeholder Buy-In (Customers, Regulators Members, Partners)
3. Industry's Trajectory –Towards Sustainability
4. Technology & Business models – Digitisation & Adapting to change
5. Training and Capacity Building

## 3. Training & Continuous Education Programme

### i. GOCO AML/CFT TRAINING

The incumbent Council gave great priority and importance to the strengthening of the Group of Compliance Officers (GOCO) Committee as they recognised the need for more consistent and frequent trainings to ensure that the industry had adequate competent and capable Compliance Officers.

MAMSB was not able to conduct any training from 12 September 2020 until year end hence the Secretariat's first task was to ensure that the GOCO Committee is comprised of competent and dedicated members who could take on virtual trainings and workshops to ensure the officers were able to accredit as many compliance officers to meet the 2-year deadline requirement by BNM. The Secretariat facilitated the GOCO Chairman with committed assistance to mobilise a structured training programme for 2021/2022. A training calendar for 2021 was planned for implementation.

#### GOCO Composition

As at 31 December 2020 the GOCO Committee consisted of the following members:

##### CHAIRPERSON

Ms Leow Su Lin

##### VICE CHAIR

Mr Shaik Abdul Kadir

##### MEMBERS

Ms Lim Poh Hong, Mr Mohamad Azizul and Ms Nurul Kamimah

GOCO identified 20 Compliance Officers (COs) from the MAMSB Compliance Officers Database which comprised of individuals across the industry spectrum. The names of the COs were submitted to BNM for their review and approval. Upon receipt of approval, the finalised list will be recommended to the Council for appointment as GOCO Committee Members for 2 years from the date of appointment.

#### AML/CFT Training Modules

NO	TRAINING MODULES	STATUS
1	Module 1	<ul style="list-style-type: none"> <li>First virtual training scheduled on 27 January 2021.</li> <li>Invite to participants issued out to industry</li> </ul>
2	Module 2	Amendments have not been finalised
3	Module 3, 4 and Teller	<ul style="list-style-type: none"> <li>No impending instructions from BNM to cause any amendments on the same at this juncture.</li> <li>GOCO will review these Modules to ensure uniformity in line with AML/CFT and TFS for Financial Institutions policy documents.</li> </ul>
4	New Modules/Optional Modules	<ol style="list-style-type: none"> <li>On the Secretariat's request if MAMSB can develop new modules under GOCO, BNM has requested proposal modules on analytics AML/CFT measures. To be explored by GOCO Committee</li> <li>Industry Master Class: GOCO will look into a Masterclass Programme for the Industry sometime in Q1 and/or Q2 on the proposed topics               <ol style="list-style-type: none"> <li>Compliance Rudiments</li> <li>Cybersecurity AML/CFT Perspective</li> </ol> </li> <li>Refresher Classes (AML/CFT Certification Subtopics)</li> </ol>

## **Compliance and Auditing Assessment Report**

MAMSB recognising that the industry was in dire need for a CAAR clinic to be conducted in Q1 2021 due to the introduction of the new reporting template by BNM, requested for GOCO Chairman to conduct a preliminary session with the industry to address impediments faced when submitting CAAR Reporting

The FAQs were resolved at the 1st layer and in October 2020 GOCO Chairman requested feedback from BNM and awaited reply.

## **ii. MSB Directors Education Programme (MDEP)**

ICLIF confirmed that they were unable to conduct MDEP trainings virtually as the MDEP training sessions required role plays and intensive interaction between participants. However, the Secretariat managed to convince ICLIF to roll out MDEP programmes for Class A, B & D members first until a resolution is found.

## **iii. Jabatan Pembangunan Kemahiran (JPK) Accreditation Programme**

The accreditation process of the first batch of 28 candidates which was interrupted by the Movement Control/Conditional Movement Control/Recovery Movement Control Orders was revived in December 2020.

MAMSB connected with JPK authorities and requested for an extension of time to complete the submission of candidate portfolios and assessments by 2nd quarter of 2021. Approval was granted and BNM was duly informed.

MAMSB also organized a virtual meeting with the trainers and JPK to address the various challenges faced in these pandemic times and how to proceed faster with all 28 candidates. At this time the Secretariat was informed that 8 registrants had not commenced their programme from 2019 batch primarily due to insufficient JPK trainers. The Secretariat targeted to get all 20 members accredited under JPK by June 2021 and the remaining 8 by end of year 2021.

## **iv. Financial Accreditation Agency (“FAA”) Accreditation Program Progress Report**

The Secretariat organised a virtual meeting with the CEO of FAA and his team on 23.12.2020 regarding enhancing bilateral relations between the associations and organising joint initiatives on MAMSB’s programmes:

1. Accreditation Programme for members who have completed the AML/CFT Certification Programme (Module 1-4)
2. FAA Individual Accreditation Programme (IAP) for MSB Compliance Officers.

The Secretariat acknowledged that the completion rate of accredited officers as at 18.12.2020 is 61% (145 candidates) and FAA has agreed to follow up with the 26 incomplete submissions and 2 pending portfolios from Batch 4, and 52 pending portfolios from Batch 5.

The Secretariat proposed to reach out to the member/candidates and encourage them to complete their portfolio submission by 30 June 2021 in order to complete the accreditation process by end of 2021. We have received the list of names and have begun to call them.



BATCH	NO. OF SUBMISSION	STATUS	ACCREDITATION PROCESS	OUTCOMES		
Batch 1 (Pilot)	14	Completed on 26 February 2018	Two individual and one consolidated report	Competent	14	
				Non-Competent	-	
Batch 2	22	Completed on 25 September 2018		Competent	14	
				Non-Competent	8	
Batch 3	44	Completed on 20 December 2019	2 Individual and consolidated report	10	Competent	27
			2 individual reports (without consolidated report)	18	Non-competent	17
			1 individual report only	13		
			No report at all	3		
Batch 4	92	<ul style="list-style-type: none"> <li>Completed 61 candidates</li> <li>2 candidates pending portfolio submission</li> <li>3 candidates pending interview arrangement</li> <li>*26 candidates with incomplete submissions</li> </ul>	1 external assessor and 1 internal assessor		Competent	51
			1 consolidated report (as per the new format)		Non-competent	10
Batch 5	64	<ul style="list-style-type: none"> <li>Completed 4 candidates</li> <li>5 candidates pending portfolio review</li> <li>3 candidates pending interview arrangement</li> <li>**52 candidates pending portfolio</li> </ul>	1 external assessor and 1 internal assessor		Competent	3
			1 consolidated report (as per the new format)		Non-competent	1
<b>TOTAL</b>	<b>236</b>				<b>75% competent</b>	<b>145 (61%)</b>

On the invitation of FAA, Secretariat expressed its interest to collaborate with FAA on their marketing events, webinars and other initiatives that will facilitate the MSB industry. Pursuant to this, the proposed date for the first webinar is on 10th March 2021 on an agenda to be decided later. The primary intention is to educate, upskill and reskill or members.

## Engagement Sessions With Industry Members

The importance of continued engagements with the industry cannot be stressed more in keeping with the spirit of the Association's objectives. MAMSB is dedicated to ensuring that whilst its vision and mission are aligned with BNM's national agenda for the money services business, the concerns, opinion and impediments of the members are always taken into genuine consideration. MAMSB plays a very critical role in complementing the efforts of the Regulator in enhancing professionalism amongst its licensees. With this positive synergy, MAMSB has been able to achieve many milestones since its inception in 2013 and aspire to achieve even higher in the next term.

In the 4<sup>th</sup> quarter of 2020, MAMSB had the following engagement sessions with the MSB Industry members:

**25 SEPTEMBER 2020**

**Industry Engagement Session by Class C Council Representative** with Regional Council Members

**8 OCTOBER 2020**

**MAMSB 52<sup>nd</sup> Council Meeting**

**21 & 22 OCTOBER 2020**

**4<sup>th</sup> Quarter Engagement Session with Industry**  
President's Address  
Update on 100 Days Key Performance Indices  
Digitisation for Class C Members Evolution of  
Business Model for Next Decade

**19 NOVEMBER 2020**

MAMSB initiated a virtual member engagement session to brief industry on:

- i. BNM's Blueprint for Development of Financial Sector Masterplan for the next 10 years [presented by President]
- ii. MSB Industry Proposal: Money Services Business Licensee Digitalisation Journey [presented by Mr Mohamad Sani – Class C Council Representative]
- iii. PENJANA initiatives particularly financing and grants (for digital transformation and smart automation) offered respectively by SME Bank Berhad and Malaysia Digital Economy Corp ("MDEC")
- iv. Briefing session with Mr Adrian of MoneyMatch; and
- v. Introduction of the newly appointed Chief Executive Officer for MAMSB.

The virtual session was divided into 2 sessions; first session was held in the morning (10.00am to 1.00pm) with an attendance of 108 members and the second session was from 3.00pm to 6.00pm with an attendance of 140 members.

## Engagement Sessions With BNM

BNM continues to guide and support the new 4<sup>th</sup> term leadership and ensured that the Association maintains its significant role as the formal channel for engagements between BNM and the industry in terms of consultation on a spectrum of regulatory issues, industry response and challenges to ensure that its aligned with BNM's priorities.

In the 4<sup>th</sup> quarter of 2020, BNM initiated and moderated 3 engagements with MAMSB:

**14 OCTOBER 2020**

The CAAR Engagement for all Class C CEOs

**17 NOVEMBER 2020**

A private engagement with the main officer bearers regarding the BNM's Development of Financial Sector Masterplan:  
Consultation with MAMSB

**8 DECEMBER 2020**

Introduction to MAMSB's new CEO  
Discussion on the main areas of prioritisation:

1. Strengthening and mobilising GOCO
2. Upskilling the competency of the Secretariat
3. Monitoring and reporting on illicit MSB transactions
4. Developing the new Strategic Blueprint (2022-2026)

# Engagement Session With World Bank

OCT 8 (THU) 9:00am to 11:30am

## TRANSFORMATION OF MALAYSIA'S MONEY SERVICES BUSINESS INDUSTRY

The Money Services Business industry has transformed itself in the past decade through legal and regulatory reforms, the organization of the industry and market development. This session will discuss key milestones in the transformation in Malaysia's money services business industry since the 2011 Act and lessons for other countries.



**Opening Remarks:**  
**Firas Raad**  
Country Manager for  
Malaysia,  
World Bank Group



**Panel Discussion / Moderator:**  
**Isaku Endo**  
Senior Financial Sector  
Specialist,  
World Bank Group



**Panel Discussion:**  
**Nik Mohamed Din bin  
Nik Musa**  
Director,  
Money Services Business  
Regulation,  
Bank Negara Malaysia



**Closing Remarks:**  
**Souleymane Coulibaly**  
Program Leader and  
Lead Economist,  
East Asia and the Pacific (EAP),  
Equitable Growth, Finance  
and Institutions (EFI),  
World Bank Group



**Panel Discussion:**  
**Dato' Sri Jajakhan bin  
Kader Gani**  
President,  
Malaysia Association of  
Money Services Business



**Panel Discussion:**  
**Ramasamy Veeran**  
Founder and Managing  
Director,  
Merchantrade

8 OCTOBER 2020

### ORGANISED BY:

World Bank

### EVENT:

Webinar with World Bank on the Transformation of the Money Services Businesses in Malaysia

### PARTICIPANTS:

Nik Mohamed Din bin Nik Musa, Director, MSB Regulation Department

Dato' Sri Jajakhan bin Kader Gani, President, Malaysian Association of Money Services Business

Ramasamy Veeran, Founder and Managing Director, Merchantrade

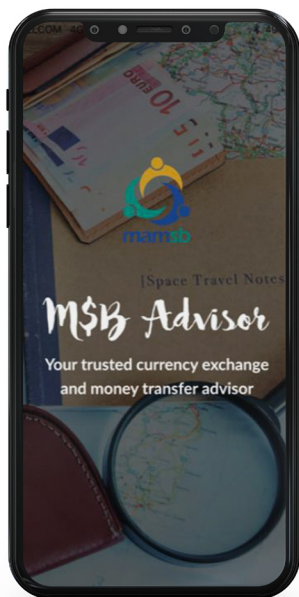
### BRIEF SUMMARY:

The webinar was moderated by Mr Isaku Endo- Senior Financial Sector Specialist, FCI, World Bank. The focal point of discussion was on the transformation of the Money Services Business in Malaysia. The various key milestones and drivers for the transformation journey, its impact and intended goals were discussed and deliberated amongst the distinguished panel members. Some of the points comprised of the following: (1) the existing regulatory framework being streamlined to establish minimum standards in licensing and professional conduct and the emergence of the Money Services Act 2011; (2) the introduction of the Principal-Agent model – policies and its key achievements for the industry; (3) Digital Remittance and E-KYC for businesses to stay relevant; (4) the role of MAMSB in this transformation journey, its achievements and challenges; (5) the impact of Covid-19 on the industry and its role as the key accelerator for digitization for the MSB industry.

At the end of the two-and-a-half-hour seminar, one would have a holistic understanding of the Malaysian MSB framework, its history and progressive evolution to where it stands today – a transformed industry that continues to achieve its objectives and mission.

# MAMSB Digital Infrastructure

## MSB Advisor App



The development of MSB Advisor App was completed and handed over to MAMSB on 9 December 2019 with free maintenance period expiring on 10 December 2020.

Moneybay Tech Sdn Bhd, the developers of the application proposed that the Association either engage an in-house server maintenance and data entry personnel or outsource the maintenance to "Ninezeros Sdn Bhd".

In the 8 October 2020 Council Meeting, the President suggested that the Secretariat source for at least 3 proposals for maintenance of the mobile application.

On 9 December 2020, the new CEO had a virtual discussion with MoneybayTech Sdn Bhd now operating its business under "Ninezeros Sdn Bhd" on the transfer of credential and other related IT requirements for the Secretariat to keep under its control. The Secretariat commenced procurement process to outsource for a suitable vendor to undertake the maintenance and support the MSB Advisor App.

## MAMSB Membership Portal

MAMSB was advised by Glosap Consulting Sdn Bhd, the developer of the MAMSB portal on 8 October 2020 that the registration, administration, reporting cum dashboard, and payment modules were completed and work had to be done only on the training and Council Member modules.

The previous CEO had signed off on Requirements Document confirming completion of Phase 2-Requirement Phase on 6 November 2020 which required MAMSB to make its 2nd payment of 12,000 under the contract.

The Secretariat had a virtual meeting on 19.11.2020 with Glosap on:

- i. adding on filtration by Class
- ii. button for resetting functional research for renewals
- iii. developed separate ID for CEO-superadmin

On 9 December 2020, the new CEO had a virtual discussion with MoneybayTech Sdn Bhd now operating its business under "Ninezeros Sdn Bhd" on the transfer of credential and other related IT requirements for the Secretariat to pass over the same to a suitable IT Company whilst it undertakes the procurement process to outsource the maintenance and support of the application. As at end December 2020, the functionality of the MSB Advisor is status quo and will be resolved by Q1 of 2021.

# Annual General Meeting 2020

The salient points on the Virtual Annual General Meeting held on 12 September 2020 via via Azeus Convene's Remote Participation and Voting Facilities are as follows:

## GENERAL

The 2020 AGM was called to order at 10.30 am with the Chairman announcing that the total number of voting members registered and signed in as at 10.30 a.m was 213, hence meeting the required quorum of 102 (1/3 of the 306 members in the Register of Members with voting rights) which gave mandate to the Chairman to proceed with the AGM.

Mr. Mohamed Ershad bin Syed Jahabar from SSB Interchange Sdn Bhd was appointed as the Minutes Secretary for e-AGM 2020.

The President of the Association will be the Chairman for the AGM whilst PKF Risk Management Sdn Bhd will serve as scrutinizers for the 7 agenda items. The AGM will see the elections of the Fourth Term (2020 -2022) Council Members.

There were 7 Items on the Agenda for the day and 5 simple meeting rules to ensure that all attendees keep focused and comply to the Constitution of the Association.

The 2020 AGM was closed at 1.00pm.

Welcome address by the President of MAMSB/ Chairman of AGM-2020

## AGENDA 1

Minutes of the 2019 Annual General Meeting (AGM) held on 27 April 2019 was received and approved by members with 199 votes.

## AGENDA 2

The 2019 Council Report was approved by members with 221 votes.

## AGENDA 3

The 2019 Treasurer's Report and the Audited Accounts were accepted and approved by members with 214 votes.

## AGENDA 4

To appoint one (1) internal auditor for the 4th Term office (2020-2021). The appointment of Mr. Nagapan A/L Nagarajan, CEO of Spectrum Forex Sdn Bhd as the internal auditor for the Fourth Term Office (2020-2021) was accepted and approved by members with 98 votes.

## AGENDA 5

To appoint Folks DFK & Co. as the external auditor of the Association for the financial year 2020 was accepted and approved by the members with 200 votes.

## AGENDA 6

To discuss any critical issues impacting the MSB industry materially. The Chairman confirmed with the Association's CEO that the Association had not received any written proposals from members to be raised during the AGM in line with Clauses 7.9 and 7.10 of the Constitution.

## AGENDA 7

To elect Council Members for the Fourth Term of office (2020-2021).

The Fourth Term of office, only the President post was being contested and Dato' Sri Jajakhan Bin Kader Gani of Jadeline Exchange Sdn Bhd had received 141 votes while Dr. Haji. Mohamed Suibu Bin Mohamed Yusooof of Worldwide Superstar Money Changer Sdn Bhd had received 91 vote. Dato Sri' Jajakhan Bin Kader Gani had been elected as President of the Association for the Fourth Term of Office.

As for the uncontested positions, casual vacancies, and their respective nominees are as follows:

- **Vice President:** Mr Akbar Batcha Bin Mohamed Shamsuddin (Akbar Money Changer Sdn Bhd)
- **Secretary:** Ms. Siti Safina Binti Seeni Natharali (Lifetime Link Sdn Bhd)
- **Treasurer:** Mr. Lim Poh Boon (TML Remittance Center Sdn Bhd)
- **Class A representative:** Mr. Espen Kristensen (IME (M) Sdn Bhd)
- **Class B representative:** Casual Vacancy
- **Class C representative:** Mr. Mohd Sani Bin Mohamed Ismail (Munawarah Exchange Sdn Bhd)
- **Class D representative:** Ms Chong Hui Yee (E-Globex Sdn Bhd),
- **Central region representative:** Casual Vacancy.
- **Northern Region representative:** Mr. Umar Farook bin Othman Mydin (Triple Trillion Sdn Bhd)
- **Southern Region representative:** Madam Analisa Yin Binti Abdullah (Akar Warisan Sdn Bhd)
- **East Malaysia representative:** Mr. Lim Ching Seng (EZ Money Express Sdn Bhd)
- **East Coast representative:** Casual Vacancy

# MEMBERSHIP REPORT

## AS AT DECEMBER 2020 TOTAL NUMBER OF PRINCIPAL LICENSEES - 12

- Merchantrade Asia Sdn Bhd
- EZ Money Express Sdn Bhd
- SMJ Teratai Sdn Bhd
- Western Union Payments (Malaysia) Sdn Bhd
- Akbar Money Changer Sdn Bhd
- NS Cashpoint Sdn Bhd
- IME (M) Sdn Bhd
- Max Money Sdn Bhd
- Mandiri International Remittance Sdn Bhd
- Travelex Currency Exchange & Payments (TCEP)
- Valyou Sdn Bhd
- BFC Exchange Malaysia Sdn Bhd

## TOTAL MEMBERS AS AT DECEMBER 2020

MEMBERS BY CLASS		MEMBERS BY CLASS AND REGION					
CLASS	MAMSB RECORDS	REGION	A	B	C	D	TOTAL
A	6	Central	5	26	123	5	159
B	27	Northern	0	0	51	0	51
C	266	Southern	0	1	51	1	53
D	6	East Malaysia	1	0	33	0	34
		East Coast	0	0	8	0	8
<b>TOTAL</b>	<b>305</b>	<b>TOTAL</b>	<b>6</b>	<b>27</b>	<b>266</b>	<b>6</b>	<b>305</b>

Members as at December 2020 include POS Malaysia Berhad and three (3) Development Financial Institutions (“DFIs”) namely Bank Kerjasama Rakyat Malaysia Berhad, Bank Pertanian Malaysia Berhad and Bank Simpanan Nasional.

## TOTAL ASSOCIATE MEMBERS AS AT DECEMBER 2020

ASSOCIATE MEMBERS BY REGION	
REGION	TOTAL
Central	115
Northern	56
Southern	66
East Malaysia	44
East Coast	33
<b>TOTAL</b>	<b>314</b>

# TREASURER'S REPORT

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The new office bearers of the 4<sup>th</sup> term council took over the financial management of the association from mid September 2020. As such, the nine months (1 January to 15 September 2020) was under the previous management team.

In the past nine months under the previous management team, revenue of the Association dropped from RM922,644 in Financial Year (FY) 2019 to RM393,091 in FY2020 mainly due to the decrease of the provision of training. The decrease of the provision of training leads to a corresponding decrease in expenditure such as printing and stationery, training expenses, travelling expenses and other expenses from RM798,329 in FY2019 to RM553,478 in FY2020. As a result, it leads to a loss for the year of RM160,561.

In terms of cash flow, the main cash inflow from operating activities are mainly the release of sundry receivables and deposits from RM286,980 in FY2019 to RM82,427 in FY2020 and tax refund of RM35,588 during the financial year. Such operating cash inflow is used to finance the operating expenses resulting into net cash generated from operating activities of RM75,897. There is also cash inflow from interest received of RM21,869. Both net cash generated from operating activities and interest received are used to finance the purchase of property, plant and equipment of RM33,200 which are mainly the computer and software as well as work in progress.

In the Statement of Financial Position, the accumulated funds decrease from RM975,415 in FY2019 to RM814,854 in FY2020 due to loss for the year.

# Summary of Financial Statements as at December 2020

	(4 Months)		12 months ending 31 December					
	2013	2014	2015	2016	2017	2018	2019	2020
Revenue	878,053	918,793	1,537,443	1,628,458	1,678,876	950,114	922,644	393,091
Expenditure	-134,196	-681,086	-1,191,588	-1,492,018	-1,810,378	-1,291,899	-798,329	-553,478
Surplus before taxation	743,857	237,707	345,855	136,440	-131,502	-341,785	124,315	-160,387
Taxation	-	-44,507	-64,347	-30,980	1,912	-1,550	-	-174
Surplus or deficit after taxation	743,857	193,200	281,508	105,460	<b>-129,590</b>	<b>-343,335</b>	124,315	<b>-160,561</b>
Accumulated fund	743,857	937,057	1,218,565	1,324,025	1,194,435	851,100	975,415	814,854
Non-current liabilities	-	-	-	-	-	-	-	-
Property, plant and equipment	26,298	24,579	24,613	19,783	27,858	71,579	81,811	93,323
Intangible assets	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Deferred tax assets	-	-	-	-	-	-	-	-
Total non-current assets	26,298	24,579	24,613	19,783	27,858	71,579	81,811	93,323
Current assets	928,963	1,077,508	1,551,516	1,373,033	1,226,502	891,332	1,039,319	863,570.00
Current liabilities	211,404	165,030	357,564	49,008	59,925	111,811	145,715	142,039.00
Net current assets	717,559	912,478	1,193,952	1,324,025	1,166,577	779,521	893,604	721,531
Net assets	743,857	937,057	1,218,565	1,343,808	1,194,435	851,100	975,415	814,854
Current ratio	4.4	6.5	4.3	38.0	20.5	8.0	7.1	6.1
Cash and cash equivalent balance	915,463	1,053,648	1,493,132	1,239,214	942,300	678,906	715,936	780,502
Increase/ (Decrease) %		15%	42%	<b>-17%</b>	<b>-24%</b>	<b>-28%</b>	5%	9%



**REPORTS AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

## **CORPORATE INFORMATION**

### **The Council**

#### **President**

Jadeline Exchange Sdn Bhd  
Dato' Sri Jajakhan Bin Kader Gani

#### **Vice president**

Akbar Money Changer Sdn Bhd  
Akbar Batcha Bin Mohamed Shamsuddin

#### **Secretary**

Lifetime Link Sdn Bhd  
Siti Safina Binti Seeni Natharali

#### **Treasurer**

TML Remittance Center Sdn Bhd  
Lim Poh Boon

### **Council Members**

IME (M) Sdn Bhd  
Espen Kristensen

Munawarah Exchange Sdn Bhd  
Mohd Sani Bin Mohamed Ismail

E-Globex Sdn Bhd  
Chong Hui Yee

Triple Trillion Sdn Bhd  
Umar Farook Bin Othman

Akar Warisan Sdn Bhd  
Analisa Yin Binti Abdullah

EZ Money Express Sdn Bhd  
Lim Ching Seng

### **Registered Office**

Unit 3A01, 3A Floor,  
Lobby 1, block C, Damansara Intan,  
No.1, Jalan SS20/27,  
47400 Petaling Jaya Selangor,  
Malaysia

### **Auditors**

Folks DFK & Co.  
(AF: 0502)  
Chartered Accountants

### **Functional and Presentation Currency**

Ringgit Malaysia (RM)

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Note	2020 RM	2019 RM
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	5	22,289	81,811
Intangible assets	6	71,034	-
		<u>93,323</u>	<u>81,811</u>
<b>CURRENT ASSETS</b>			
Sundry receivables and deposits	7	82,427	286,980
Tax recoverable		641	36,403
Fixed deposits placed with a licensed bank	8	700,951	679,082
Cash and bank balances		79,551	36,854
		863,570	1,039,319
<b>TOTAL ASSETS</b>		<u>956,893</u>	<u>1,121,130</u>
<b>ACCUMULATED FUNDS AND LIABILITIES</b>			
<b>ACCUMULATED FUNDS</b>			
Balance at 1 January		975,415	851,100
(Deficit)/surplus for the year		(160,561)	124,315
Balance at 31 December	9	<u>814,854</u>	<u>975,415</u>
<b>CURRENT LIABILITIES</b>			
Sundry payables and accruals	10	142,039	145,715
<b>TOTAL FUNDS AND LIABILITIES</b>		<u>956,893</u>	<u>1,121,130</u>

## STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 RM	2019 RM
<b>INCOME</b>			
Annual fee	12	183,800	194,300
Accreditation programme		1,200	10,160
Administration fee		46,200	43,950
Entrance fee		4,900	4,900
Fixed deposits interest income		21,869	20,802
Training fee		88,352	619,641
Others		46,770	28,891
		<u>393,091</u>	<u>922,644</u>
<b>LESS: EXPENDITURE</b>			
Accounting fees		–	15,800
Amortisation of intangible assets		15,334	6,467
Annual general meeting expenses		34,762	18,905
Auditors' remuneration - current year		8,000	15,630
- underprovision in prior year		900	–
Bank charges		1,304	1,032
Briefing expenses		–	253
Depreciation on property, plant and equipment		6,354	9,348
Entertainment		107	190
EPF and SOCSO contributions		37,624	41,440
Gift and souvenir		3,880	89
Greenback 2.0		–	370
GST expenses		–	1,509
Karnival kewangan		–	12,919
Office cleaning		3,378	4,485
Office refreshment		181	660
Meeting expenses		170	1,250
Postages and courier services		16,600	8,492
Photography and videography		–	2,000
Printing and stationery		18,306	46,165
Professional fee		1,125	11,620
Registration fee		1,000	–
Rental of office equipment		4,080	4,680
Rental of premises		44,400	50,400
Salaries, allowances and bonus		272,123	297,184
Staff recruitment and advertisement		399	1,208
Staff welfare and sundry expenses		580	1,376
Staff training		–	1,204
Subscription fee		13,504	8,709
Balance c/f		484,111	563,385

## STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

	Note	2020 RM	2019 RM
<b>LESS : EXPENDITURE</b>			
Balance b/f		484,111	563,385
Tax services fees		3,710	3,180
Telephone charges		10,883	14,690
Training expenses - current year		30,641	142,525
Training expenses - overprovision in prior year		(17,038)	-
Transaction fee		2,346	-
Transportations		5,155	8,607
Travelling expenses - current year		8,644	37,099
Travelling expenses - overprovision in prior year		(1,950)	-
Upkeep of computer and software		6,522	5,110
Upkeep of premises		6,227	279
Utilities		10,693	19,546
Web hosting		3,265	3,253
Others		269	655
		<u>553,478</u>	<u>798,329</u>
<b>(DEFICIT)/SURPLUS OF INCOME OVER EXPENDITURE</b>		<u>(160,387)</u>	<u>124,315</u>
<b>LESS : TAXATION</b>	14	(174)	-
<b>(LOSS)/PROFIT FOR THE YEAR</b>		<u>(160,561)</u>	<u>124,315</u>

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
	RM	RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>(Deficit)/surplus of income over expenditure</b>	(160,387)	124,315
Adjustments:		
Amortisation of intangible assets	15,334	6,467
Depreciation on property, plant and equipment	6,354	9,348
Interest income on short term deposits and bank balances	(21,869)	(20,802)
(Deficit)/surplus before changes in working capital	(160,568)	119,328
Changes in working capital :-		
Decrease/(increase) in sundry receivables and deposits	204,553	(159,446)
(Decrease)/increase in sundry payables and accruals	(3,676)	33,904
<b>Cash generated from/(used in) operations</b>	40,309	(6,214)
Tax paid	-	(815)
Tax refund	35,588	49,304
<b>Net cash generated from operating activities</b>	75,897	42,275
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	-	(26,047)
Purchase of intangible asset	(33,200)	-
Interest received	21,869	20,802
<b>Net cash used in investing activities</b>	(11,331)	(5,245)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS DURING THE YEAR</b>	64,566	37,030
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	715,936	678,906
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	780,502	715,936
<b>CASH AND CASH EQUIVALENTS COMPRISE:-</b>	700,951	679,082
Short term deposits	79,551	36,854
Cash and bank balances	780,502	715,936

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2020

### 1. GENERAL INFORMATION

Persatuan Perniagaan Perkhidmatan Wang Malaysia (the "Association") was established pursuant to the Societies Act 1966 on 22 August 2013.

The address of the registered office of the Association and its principal place of business is Unit 605, Block C, Phileo Damansara 1, No.9, Jalan 16/11, Off Jalan Damansara, 46350 Petaling Jaya, Selangor Darul Ehsan.

The principal activities of the Association is to promote the modernisation and professionalism of money services industry and facilitate education and training for its members.

The financial statements are presented in Ringgit Malaysia ("RM").

The Association had 4 employees at the end of the financial year (2019: 4).

The financial statements of the Association were authorised for issue by the council members in accordance with a resolution of the council members on

### 2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with Malaysian Private Entities Reporting Standard issued by the Malaysian Accounting Standards Board.

The financial statements of the Association are prepared under the historical cost convention unless otherwise indicated in the summary of significant accounting policies.

The accounting policies disclosed below are consistent with those applied in the previous financial year.

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Property, Plant and Equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Association and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised in statement of income and expenditure during the financial period in which they are incurred.

Work in progress is not depreciated.

Property, plant and equipment are depreciated on the straight-line basis so as to write off the cost of the assets to their residual values over their estimated useful lives. The annual depreciation rates used are as follows :-

Furniture and fittings	10%
Office equipment	10%
Computer and software	20%

### **3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **3.1 Property, Plant and Equipment (Continued)**

The residual values and useful lives of assets are reviewed at each financial year end and adjusted prospectively, if appropriate, where expectations differ from previous estimates. Property and equipment are reviewed for impairment in accordance with the Association's accounting policy for impairment of non-financial assets as disclosed in Note 3.3.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in statement of income and expenditure.

#### **3.2 Intangible Assets**

The costs of acquisition of computer software and application software are capitalised as intangible assets and are carried at costs less accumulated amortisation and accumulated impairment losses, if any. Cost include the purchase prices and any directly attributable costs of preparing the asset for its intended use. The cost of an intangible asset is amortised when the asset is available for use on the straight-line basis over the period the asset is expected to generate economic benefits

The annual amortisation rate used are as follows:-

Mobile application and self service membership portal	20%
---	-----

#### **3.3 Impairment of Non-Financial Assets**

Other than financial assets, an impairment loss occurs when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit is higher of its fair value less costs to sell and its value in use.

At each reporting date, the entity assesses whether there is any indication that an asset may be impaired. If any such indication exists, the entity estimates the recoverable amount of the asset and compares with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

#### **3.4 Financial Instruments**

##### **Initial recognition and measurement**

The Association recognises a financial asset or a financial liability (including derivative instruments) in the statement of financial position when, and only when, an entity in the Association becomes a party to the contractual provisions of the instrument.

On initial recognition, all financial assets and financial liabilities are measured at the transaction price, including transaction costs. For a financial asset or a financial liability that is subsequently measured at fair value through profit or loss, transaction costs are expensed to profit or loss when incurred.



### **3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **3.4 Financial Instruments (Continued)**

##### **Subsequent measurement of financial assets**

Investments in debt instruments, whether quoted or unquoted, are subsequently measured at amortised cost using the effective interest method. Investments in unquoted equity instruments and whose fair value cannot be reliably measured are measured at cost.

Other than financial assets measured at fair value through profit or loss, all other financial assets are subject to review for impairment.

##### **Subsequent measurement of financial liabilities**

After initial recognition, the Association measures all financial liabilities at amortised cost using the effective interest method, except for derivatives instruments that are liabilities, which are measured at fair value.

##### **Derecognition of financial instruments**

A financial asset is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire, or when the Association transfers the contractual rights to receive cash flows of the financial asset, including circumstances when the Association acts only as a collecting agent of the transferee, and retains no significant risks and rewards of ownership of the financial asset or no continuing involvement in the control of the financial asset transferred.

A financial liability is derecognised when, and only when, it is legally extinguished, which is either when the obligation specified in the contract is discharged or cancelled or expires. A substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

##### **Fair value measurement of financial instruments**

The fair value of a financial asset or a financial liability is determined by reference to the quoted market price in an active market, and in the absence of an observable market price, by a valuation technique as described in Note 3.11.

##### **Recognition of gains and losses**

Fair value changes of financial assets and financial liabilities classified as at fair value through profit or loss are recognised in statement of income and expenditure when they arise.

For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in statement of income and expenditure only when the financial asset or financial liability is derecognised, and through the amortisation process of the instrument.

##### **Impairment of financial assets**

An amount of impairment loss in respect of financial assets measured at amortised cost is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate, i.e., the effective rate computed at initial recognition. The carrying amount of the asset is reduced through an allowance account. The amount of loss is recognised in statement of income and expenditure.

### **3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **3.4 Financial Instruments (Continued)**

##### **Impairment of financial assets (Continued)**

An amount of impairment loss in respect of financial assets carried at cost is measured as the difference between the carrying amount of the financial asset and the best estimate of the amount (which might be zero) that the Association would receive for the asset if it were to be sold at the reporting date.

If in a subsequent period the amount of the impairment loss on financial assets decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account to the extent that the carrying amount of the financial asset does not exceed its amortised cost had the impairment not been recognised at the date the impairment is reversed. The amount of reversal is recognised in statement of income and expenditure.

#### **3.5 Leases**

A lease is recognised as a finance lease, if it transfers substantially to the Association all the risks and rewards incident to ownership of the leased assets. All other leases that do not meet this criterion are classified as operating leases.

##### **Operating Lease**

Operating lease payments are recognised as expenses in profit or loss on a straight line basis over the period of the relevant leases.

#### **3.6 Provisions**

Provisions are recognised when the Company has a present legal and constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the effect of time value of money is material, the amount of provision is measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the amount of a provision due to passage of time is recognised as finance cost.

#### **3.7 Income Recognition**

Income is recognised when it is probable that the economic benefits will flow to the Association and when the revenue can be measured reliably, on the following bases:

- (i) Annual and administration fees are recognised based on the accrual basis.
- (ii) Entrance fees are recognised based on the approval of memberships.
- (iii) Training fees are recognised upon services being rendered.

#### **3.8 Employee Benefits**

##### **Short-term employee benefits**

Salaries, allowances, overtime, bonuses and other short term benefits are measured at the undiscounted amount of benefits expected to be paid in exchange for the services rendered by employees

### **3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **3.8 Employee Benefits (Continued)**

##### **Post-employment benefits**

The Association has a post-employment benefits scheme in accordance with local practice in Malaysia.

A defined contribution plan is a pension plan under which the Association pays fixed contributions into a separate entity (a fund) and will have no legal constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

#### **3.9 Taxation**

Tax expense is the aggregate amount of current and deferred taxes. Current and deferred taxes are recognised as income or expense in statement of income and expenditure except to the extent that the taxes relate to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax is the expected tax payable on the taxable profit for the year and is calculated using tax rates enacted or substantively enacted at the end of the reporting period.

Deferred tax is recognised, using the liability method, on temporary differences at end of the reporting period between the carrying amounts of assets and liabilities in the financial statements and the amounts attributed to those assets and liabilities for taxation purposes.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences and unabsorbed tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the assets can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Tax rates enacted or substantively enacted at the end of the reporting period are used to determine deferred tax.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Association intends to settle its current tax assets and liabilities on a net basis.

#### **3.10 Cash and Cash Equivalents**

Cash represents cash and bank balances while cash equivalents are short term, highly liquid placements that are readily convertible to cash with insignificant risk of changes in value.

#### **3.11 Fair Value Measurement**

For assets, liabilities and equity instruments (whether financial or non-financial items) that require fair value measurement or disclosure, the Association establishes a fair value measurement hierarchy that gives the highest priority to quoted prices (unadjusted) in active markets for identical assets, liabilities or equity instruments and the lowest priority to unobservable inputs.

### **3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **3.11 Fair Value Measurement (Continued)**

A fair value measurement of an item is estimated using a quoted price in an active market if that price is observable. The active market is the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability; and for which the group can enter into a transaction for the asset or liability at the price in that market at the measurement date.

In the absence of an active market price, the fair value of an item is estimated by an established valuation technique using inputs from the market place that are observable for substantially the full term of the asset or liability.

In the absence of both market price and observable inputs, a fair value measurement of an item is estimated by an established valuation technique using unobservable inputs, including internally developed assumptions that are reasonable and supportable.

#### **3.12 Cash and Cash Equivalents**

Cash equivalents are short term, highly liquid placements that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### **4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of financial statements in conformity with the Malaysian Private Entities Reporting Standard requires management to exercise their judgement in the process of applying the Association's accounting policies and which may have significant effects on the amounts recognised in the financial statements. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the results reported for the reporting period and that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Although these judgements and estimates are based on the management's best knowledge of current events and actions, actual results may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In the process of applying the Association's accounting policies, which are described in Note 3, the management is of the opinion that any instances of application of judgement are not expected to have significant effect on the amounts recognised in the financial statements and there were not any significant key accounting estimates or assumptions that would have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

## 5. PROPERTY AND EQUIPMENT

	Office Equipment	Furniture and Fittings	Computer and software	Work-in-progress	Total
	RM	RM	RM	RM	RM
2020					
Cost	27,668	8,988	92,112	12,720	141,488
At 1 January - as reported previously	-	-	(64,670)	(12,720)	(77,390)
Reclassification	27,668	8,988	27,442	-	64,098
At 1 January - as restated	-	-	-	-	-
Additions	27,668	8,988	27,442	-	64,098
At 31 December					
Less : Accumulated Depreciation	8,768	6,277	44,632	-	59,677
At 1 January - as reported previously	-	-	(24,222)	-	(24,222)
Reclassification	8,768	6,277	20,410	-	35,455
At 1 January - as restated	2,767	898	2,689	-	6,354
Charge for the year	11,535	7,175	23,099	-	41,809
At 31 December					
Net Book Value at 31 December 2020	16,133	1,813	4,343	-	22,289
Net Book Value at 31 December 2019	18,900	2,711	47,480	12,720	81,811

## 6. INTANGIBLE ASSETS

	Mobile Application RM	Work-in- progress RM	Total RM
<b>2020</b>			
<b>Cost</b>			
At 1 January - as reported previously	-	-	-
Reclassification	64,670	12,720	77,390
At 1 January - as restated	64,670	12,720	77,390
Addition	12,000	21,200	33,200
At 31 December	76,670	33,920	110,590
<b>Accumulated Amortisation</b>			
At 1 January - as reported previously	-	-	-
Reclassification	24,222	-	24,222
At 1 January - as restated	24,222	-	24,222
Charge for the financial year	15,334	-	15,334
At 31 December	39,556	-	39,556
Net Book Value at 31 December	37,114	33,920	71,034

Intangible assets comprised of mobile application and self service membership portal. Intangible assets are amortised on the straight-line basis over the period in which the assets are expected to generate economic benefits.

## 7. SUNDRY RECEIVABLES AND DEPOSITS

	2020 RM	2019 RM
Sundry receivables	68,227	272,780
Deposits	14,200	14,200
	82,427	286,980

## 8. SHORT TERM DEPOSITS

	2020 RM	2019 RM
Placed with licensed banks	700,951	679,082

The weighted average interest rate of short term deposits that was effective during the year ranged from 1.10% to 2.93% (2019: 2.90% to 2.95%) per annum.

Deposits of the Association have maturity periods ranging from 1 to 12 months (2019: 1 to 12 months).

## 9. ACCUMULATED FUND

	2020 RM	2019 RM
At the beginning of the year	975,415	851,100
(Deficit)/surplus for the year	(160,561)	124,315
At the end of the year	814,854	975,415

## 10. SUNDRY PAYABLES AND ACCRUALS

	2020 RM	2019 RM
Sundry payables	129,123	79,927
Accruals	12,916	65,788
	<u>142,039</u>	<u>145,715</u>

## 11. DEFERRED TAXATION

Deferred tax assets have not been recognised in respect of the following unabsorbed tax losses because it is uncertain that future tax profits will be available against which the Association can utilise the benefits therefrom. :-

	2020 RM	2019 RM
Unabsorbed tax losses	<u>224,708</u>	<u>83,710</u>

## 12. ANNUAL FEES

	2020 RM	2019 RM
Annual fees represent fees received from members and associate on a yearly basis to the Association.		
– Members	153,000	165,000
– Associate	30,800	29,300
	<u>183,800</u>	<u>194,300</u>

## 13. STAFF COSTS

	2020 RM	2019 RM
<b>Short Term Benefits</b>		
Salaries, allowances and bonus	272,123	297,184
SOCSO and other benefits	2,356	2,766
	<u>274,479</u>	<u>299,950</u>
<b>Defined Contribution Plan</b>		
Contributions to EPF	35,268	38,674
	<u>309,747</u>	<u>338,624</u>
Staff costs are paid/payable to:		
Other staff	<u>309,747</u>	<u>338,624</u>

#### 14. TAXATION

	2020 RM	2019 RM
Underprovision of taxation in prior year	174	-

Tax is levied on the chargeable income at graduated rates

Numerical reconciliation between tax applicable on (loss)/profit before taxation at the statutory tax rate and tax expense is as follows:-

	2020 RM	2019 RM
(Loss)/profit before tax	(160,387)	124,315
Tax at 24% (2019: 24%)	(38,493)	29,836
Tax effect of:		
- income exempted from tax	(1,176)	(1,176)
- expenses not allowable for tax purposes	10,885	11,588
Utilisation of deferred tax assets not recognised	-	(40,248)
Underprovision of taxation in prior year	174	-
Deferred tax assets not recognized during the year	28,784	-
Tax expense	174	-

Subject to agreement with the Inland Revenue Board, the Association has the following estimated unabsorbed tax losses and unutilised capital allowances which can be used to set-off against future taxable income:

	2020 RM	2019 RM
Unabsorbed tax losses	231,911	133,569
Unutilised capital allowances	23,397	-
	255,308	133,569

Pursuant to new law gazetted, the ability to carry forward unutilised tax losses is restricted to a maximum period of seven consecutive Year of Assessment ("YA"), effective YA 2019.

The unabsorbed tax losses, unutilised capital allowances and other deductible temporary differences of the Association are available for offsetting against future taxable surplus of the Association, subject to no substantial change in shareholdings of the Association under Income Tax Act, 1967 and guidelines issued by the tax authority, as follows:

	2020 RM	2019 RM
Indefinite	23,397	-
within 5 years from recognition	133,569	-
within 7 years from recognition	98,342	133,569
	255,308	133,569



## 15. KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Association, directly or indirectly. The key management of the Association is the Chief Executive Officer and the compensation for the year is as below:

	2020 RM	2019 RM
Key management personnel compensation:		-
Salaries	180,000	176,839
EPF and SOCSO	24,324	22,988
	<u>204,324</u>	<u>199,827</u>

## 16. CAPITAL COMMITMENT

	2020 RM	2019 RM
Acquisition of intangible assets:		
Approved and contracted for	<u>-</u>	<u>29,680</u>

## 17. LEASE COMMITMENT

Operating lease - the Association as a lessee

The Association leases office premises. The lease typically runs for periods ranging from 1 to 2 years with option to renew the lease after expiry date. The future minimum lease payments under non-cancellable operating leases are as follows:

	2020 RM	2019 RM
Future minimum lease payments:		
Not later than 1 year	<u>42,000</u>	<u>42,000</u>

## 18. FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

Financial assets of the Association include cash and bank balances, receivables and short term deposits.

Financial liabilities of the Association include other payables and accruals.

The Association's financial instruments are categorised as follows :-

(a) Financial assets measured at amortised cost

	2020 RM	2019 RM
Receivables	82,427	286,980
Short term deposits	700,951	679,082
Cash and bank balances	79,551	36,854
	<u>862,929</u>	<u>1,002,916</u>

**18. FINANCIAL INSTRUMENTS (CONTINUED)**

(a) Financial assets measured at amortised cost

	2020	2019
	RM	RM
Payables and accruals	<u>142,039</u>	<u>145,715</u>

**19. COMPARATIVES**

Certain comparatives for the financial statements of the Association and for notes to the financial statements of the Association have been reclassified, modified or added to conform with the presentation and disclosures for the current financial period.

**STATEMENT BY COUNCIL MEMBERS**

In the opinion of the Council Members, the financial statements set out on pages 1 to 16 are drawn up in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Societies Act 1966, so as to give a true and fair view of the financial position of Association of Hire Purchase Companies Malaysia as at 31 December 2020 and of its financial performance and cash flows for the year then ended on that date.

On behalf of the Council Members,



**DATO' SRI JAJAKHAN BIN KADER GANI**  
President



**LIM POH BOON**  
Honorary Treasurer  
Kuala Lumpur,

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
PERSATUAN PERNIAGAAN PERKHIDMATAN WANG MALAYSIA  
(Malaysian Association of Money Services Business)  
(Rujukan PPM: PPM-001-10-22082013)**

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of Persatuan Perniagaan Perkhidmatan Wang Malaysia, which comprise the statement of financial position as at 31 December 2020, and the statement of income and expenditure and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 1 to 16.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Association as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Societies Act, 1966 in Malaysia.

**Basis for Opinion**

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

**Independence and Other Ethical Responsibilities**

We are independent of the Association in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

**Responsibilities of the Council Members for the Financial Statements**

The Council Members of the Association are responsible for the preparation of financial statements of the Association that give a true and fair view in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Societies Act, 1966 in Malaysia. The Council Members are also responsible for such internal control as the Council Members determine is necessary to enable the preparation of financial statements of the Association that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Association, the Council Members are responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council Members either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

## **Report on the Audit of the Financial Statements (Continued)**

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements of the Association as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Association, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the council members.
- Conclude on the appropriateness of the council members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Association or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Association, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Council Members regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
PERSATUAN PERNIAGAAN PERKHIDMATAN WANG MALAYSIA  
(Malaysian Association of Money Services Business)**

(Rujukan PPM: PPM-001-10-22082013)

**Other Matters**

1. The financial statements of the Association for the financial year ended 31 December 2019 were audited by another firm of auditors who expressed an unmodified opinion on those statements on 5 March 2020.
2. This report is made solely to the members of the Association, as a body, in accordance with Section 26 of the Societies Act, 1966 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



**FOLKS DFK & CO**  
AF 0502  
Chartered Accountants



**LEONG KOK TONG**  
02973/11/2021 J  
Chartered Accountant

Kuala Lumpur,