

KEYNOTE ADDRESS BY

**YB DATO' IR HAJI AMIRUDDIN HAJI HAMZAH (DEPUTY MINISTER, MINISTRY OF FINANCE)
INCEIF-ISRA INAUGURAL ANNUAL CONFERENCE ON ISLAMIC ECONOMICS AND FINANCE (I-
ARIEF)**

Monday, 25 Nov 2019 – 9.30am to 10.30am

Venue: Junior Ballroom, Level 2, InterContinental Kuala Lumpur, Jalan Ampang

Bismillahirrahmanirrahim.

Assalamualaikum and Salam Sejahtera

1. By the grace of Allah swt, it is a pleasure for me to be here this morning at this INCEIF-ISRA Inaugural Annual Conference on Islamic Economics and Finance or I-ARIEF.
2. This conference gathers academicians and researchers in the area of Islamic economic and finance to present and discuss their new research findings with the theme “Islamic Finance and Islamic Economy Ecosystem in the Era of Digitalisation”.
3. Technology in our time can be regarded as one of the primary sources in the development of a country’s economy.
4. Businesses around the globe have been embracing technology in their business operations considering the impact technology has given towards operational and cost efficiency.
5. Technology has also been used as an enabler for innovation and development creating new area of entrepreneurship and creating new jobs in the market.
6. Through the Internet and smart phones, numerous innovative online applications, services and products have been created. Research has shown that through Facebook alone, there have been 182,000 new jobs created in 2011 (Elena Kvochko, World Economic Forum).
7. Currently, the Malaysian digital economy, on average, has grown by 9% annually in value added terms between 2010 and 2016.

8. Malaysia will be implementing two key initiatives in boosting Malaysia's digital economy:
 - a. A global test-bed initiative will be developed to attract emerging technologies to innovate in Malaysia. Under this initiative, MDEC will accelerate development in the fintech, blockchain, and drone sectors by attracting global digital talents and interest from investors.
 - b. The second important initiative is the development of Malaysian tech talent. This is due to growing demand for a digital-savvy workforce.
9. Financial services sectors are also among the sectors that will be highly impacted by the fast emerging of financial technology.
10. Financial technology or FinTech disruptors have been finding ways to break into the conventional ways of doing finance and has been attracting business away from conventional ways of doing banking.
11. Disruptors are fast-moving companies, often start-ups, focused on a particular innovative technology or process in everything from mobile payments to insurance.
12. In a FinTech research by PricewaterhouseCoopers (PWC), financial services institutions globally have provided feedback that a quarter of their business, or more, could be at risk of being lost to standalone FinTech companies within 5 years (PWC, *Financial Services Technology 2020 and Beyond: Embracing disruption*).
13. A FinTech (financial technology) company in China has developed a phone app for borrowing money on the fly while shopping. The app senses your voice and passes it to online algorithms for identity recognition; other algorithms fan out and query your bank accounts, credit history, and social-media profile; further intelligent algorithms weigh all these and a suitable credit offer appears on your phone (McKinsey & Company).
14. This kind of digitalisation is what the society is demanding where it provides faster and secure based financial transactions.
15. This is where the development of digital banking should be looked into. Digital banks are seen as the next frontier in terms of innovation in the financial services sector, which is traditionally dominated by large, well-established banks.

16. Countries in the European Union as well as Japan and South Korea have already seen the set-up of digital-only banks. Singapore has recently kicked off the application process for digital banking licences.
17. Other ASEAN countries especially Malaysia which are leaders in Islamic banking should also follow the initiatives taken in digitalising the banking sector for the benefit of the community.
18. This is why today's academic conference is important in discussing not only the growth of digitalisation of financial services and economy, but also to look into the potential impact that such digitalisation may bring upon the economic and social well-being of a country.
19. I thank INCEIF and ISRA for providing such platform for researchers and academicians to discuss this important issue in this age of digitalisation. I wish all of you to have a productive academic conference in the next two days. With Bismillah, I hereby officiate the INCEIF-ISRA INAUGURAL ANNUAL CONFERENCE ON ISLAMIC ECONOMICS AND FINANCE (I-ARIEF).
20. Thank you Wassalam.