MALAYSIAN TAKAFUL ASSOCIATION

OECD-OJK Roundtable on Leveraging Technology for Risk Assessment and Risk Reduction in Insurance

14 December - Bali, Indonesia

Mohd Radzuan Mohamed
Chief Executive Officer
Malaysian Takaful Association

Takaful4All

May 2004

Guidelines on Management of IT Environment (GPIS 1)

The Guidelines set the minimum requirements on system security, system development and operations in an IT environment to ensure appropriate controls are in place to safeguard the institution's systems, data and information. The implementation of the requirements and best practices would enable the institutions to minimise the risks associated with service interruptions, unauthorised access to customers' information, fraud and loss of customers' confidence.

22 November 2010

Circular on Prior Notification by Licensed Institutions for External System Interfaces

This circular is to inform all licensed institutions concerning the prior notification process for external system interfaces. The purpose of this requirement is to enhance transparency, security, and regulatory oversight within the financial sector.

5 November 2012

Guidelines on Data Management and MIS Framework for Development Financial Institutions

The Guidelines specifies the guiding principles and the Bank's supervisory expectations on sound data management and management information system (MIS) practices that development financial institutions (DFIs) should consider when developing internal data management capabilities.

3 October 2014

Circular on Managing Risks of Malware Attacks on Automated Teller Machine (ATM)

The circular is to describe the danger of risks of malware attacks on Automated Teller Machine (ATM) and how to manage them. Malware attacks are used to gain unauthorised access to ATMs by installing malware into the operating system powering the ATM. The banking industry should review and implement enhanced risk management practices and physical security measures to protect ATMs from further threats like these.

20 July 2016

Managing Cyber Risks on Remote Desktop Protocol Circular

The circular is to specify on the cyber risks on Remote Desktop Protocol (RDP) and how to manage them. The RDP is originally used by IT system administrators to control and manage remote computers.

1 June 2017

Revocation of Prior Notification by Licensed Institutions for External System Interfaces

The circular dated 22 November 2017 on "Prior Notification by Licensed Institutions for External System Interfaces" was revoked following a thorough review and valuable feedback from industry stakeholders.

19 June 2020

Policy Document on Risk Management in Technology (RMiT)

The policy document sets out the Bank's requirements with regard to financial institutions' management of technology risk. All financial institutions shall observe minimum prescribed standards in the policy document to prevent the exploitation of weak links in interconnected networks and systems that may cause detriment to other financial institutions and the wider financial system.

3 June 2022

Appendix of RMIT: Cloud Technology Risk Assessment Guideline (CTRAG)

Guidelines for the assessment of common key risks and considerations of control measures when financial institutions adopt cloud services. The guidance consists of two parts which are cloud governance and cloud design and control.

Introduction to DDO Framework

The Maturity Level Assessment measures capabilities acquired by an organization within the industry along six DDO Dimensions: Strategy, Organization, Talent, Data, Analytics and Technology.

The capabilities for each dimension are characterized by proficiency in a set of critical practice areas. The assessment questions map to the practice areas per dimension.

Strategy Dimension
- DA & AI driven Business Strategy
- DA & AI driven CXP Strategy
- Integrated CXP Data Management System
- DA & Ai Strategy Feedback
- Data Driven Customer Service Strategy Actions
- DA & AI Strategy is Part of Digital Transformation
- DA & AI Driven Operation Improvement

Organization Dimension
- Data Driven Culture
- C-Level Data & Analytics Role
- Embedded and networked Data Science Teams
- Data Literate Organization
- Fail Fast & Recover Philosophy
- Data Access for Front liners
- Data Driven Insight, Decision and Actions

Talent Dimension
- DA & Ai Training
- Data Driven Employee Experience Design
- DA & AI Strategy-focused Talent Management
- Data-Driven HR Decision Making
- Employee Experience Focus
- Skills Based Project & Job Matching

Data Dimension
- Data Warehouse Central Store
- Data Democratization and Sharing
- Data Security and Privacy
- Data Governance
- Big Data and IOT Architecture
- Single Source of Truth
- Data As an Asset
- Data Lake Solution Architecture

Analytics Dimension
- Advanced Decision Analytics
- Function Specific Analytics Capability
- Data Governance & Trusted Insights
- Data Science Sandbox
- Real Time Data Analytic

Technology Dimension
- Data Technology Vendor Management
- Fit-for-purpose technology solutions
- Leveraging Cloud Solutions
- Maximizing Technology Business Value
- Siloed Data & Analytic Tools
- Self Service Data & Analytic Tools

The survey results show that the As-Is overall DDO maturity of the Malaysia Malaysian Takaful Industry is at the Localized Analytics level with the desire to move into the 3rd level of Analytical Aspiration

GET THE ELEPHANT TO	Sit	Stand	Walk	Run	Fly
DEGREE OF EVOLUTION	1st ° **Analytically Limited**	2nd ° **Localized Analytics**	3rd ° **Analytical Aspiration**	4th ° **Analytical Enterprise**	5th ° **Data-Driven Organization**
DESCRIPTION	*Minimal analytic activities and infrastructure across the company, with ambiguous data and analytic strategy as a whole.*	*Pockets of analytics across the company, however in silos with limited visibility or absence of holistic overarching data and analytics strategy*	*Expanding siloed functional analytics to be shared across operational levels analytics with support and commitment from C-Suite*	*Analytics is viewed as the enterprise priority. The company is developing enterprise-wide analytics capability to create meaningful contents and ideas.*	*Trusted insights created by enterprise-wide analytics supports decision-making. The enterprise is reaping benefits and is focused on optimization of analytics.*
MALAYSIAN TAKAFUL INDUSTRY MATURITY (MALAYSIA)		■	●		
GENERAL MARKET [1] (MALAYSIA)		■	●		
INSURANCE INDUSTRY [2] (GLOBAL – US & EU)			■	●	
CHARACTERISTICS	• Acknowledge situation • Need to review data literacy capabilities	• Has data and analytics team in place • Understands the need for an effective data strategy and structure	• Shares data, across organization • Has digital execution strategy in place	• Data is prioritized as a key factor for all business planning processes and decisions • Monitors activities and progress and links to business objectives	• Adopt AI internally and externally • Decides with trusted data-driven insights and analysis

■ CURRENT MATURITY LEVEL ● FUTURE MATURITY LEVEL

[1] *Based on Malaysia General Market of 119 companies across varied industries using CADS DDO Framework*
[2] *Benchmarking reference using Accord EY, Insurance Digital Maturity Study*

Summary

Dimension	Observation	Key Consideration
Strategy	• The industry has a strong baseline strategy but not suffice to drive the whole DDO agenda • The industry appears to be lacking in strategy on DA & AI feedback, which must be adopted to drive the DDO agenda • The industry must continuously discuss and assess on future customer needs and requirement to improve future vision on strategy	*Current strategy in place is not sufficient to drive the DDO agenda*
Organization	• The industry would need to build strong data leaders among C-Level to further progress the DDO agenda • The industry must remain agile and build strong data literate workforce as a engine for change and adopt the DDO agenda • The industry should strive for well-connected data science teams with strong connections across all businesses	*The industry is lacking in data leaders and data literate talent to support decision making*
Talent	• The industry scores appears to be on the mid range, indication a strong but insufficient talent building capability • More initiatives and focus to be put in the upskilling agenda which closely matches the actual organization skill demands • HR should be regarded as a catalyst function to drive the mindset and skillset building among the industry players	*Current talent must be further placed in a more strategic and effective upskilling solutions with the help of skills intelligence platform*

Summary

Dimension	Observation	Key Consideration
Data	• The industry appears to be lack in understanding and executing data warehouse, big data and IoT Architecture, and single source of truth • The industry scores high on data governance and privacy but future scores are almost similar, indicate a lack of vision on how to tackle the subject as more and more especially consumer data are generated	*The industry must build upon stronger vision to make use of data warehouse, big data and single source of truth practices*
Analytics	• The industry has a good baseline on analytics capability • Low score for real-time analytic implementation & advanced analytics • Relatively high score for data governance and trusted insight implies an extreme attention paid on valuable insight can be and the importance to be able to trust it	*The industry must develop stronger real-time and most importantly advanced decision analytics*
Technology	• The industry has set a foundational aspect in the technology matter • Current practice by The Malaysian Takaful Industry on technology is not adequate due to existence of legacy siloed data technology solutions and inability to utilize current forefront technology solution to further improve overall business process and support the DDO progress	*The industry should start re-think on the current legacy siloed data technology*

FSB Five (5) Strategic Thrust

1

FUND MALAYSIA'S ECONOMIC TRANSFORMATION

a. Sustain a strong economic recovery
b. Facilitate transformation to a high-income nation
c. Ensure post-pandemic resilience of financial intermediation role

2

ELEVATE THE FINANCIAL WELL-BEING OF HOUSEHOLDS AND BUSINESSES

a. Enhance financial capability and access, as well as effective usage of financial services towards greater financial inclusion
b. Strengthen protection for households and businesses to build financial resilience
c. Shape a financial system that upholds fair and responsible dealings with financial consumers

3

ADVANCE DIGITALISATION OF THE FINANCIAL SECTOR

a. Futureproof key digital infrastructures
b. Support a vibrant digital financial services landscape
c. Strengthen cyber security readiness and responsiveness
d. Support greater use of technology for regulation and supervision

4

POSITION THE FINANCIAL SYSTEM TO FACILITATE AN ORDERLY TRANSITION TO A GREENER ECONOMY

a. Integrate climate-related and environmental risks in prudential regulation and supervision
b. Support orderly transition to a low-carbon economy
c. Integrate climate risks in the Bank's internal functions and operations

5

ADVANCE VALUE-BASED FINANCE THROUGH ISLAMIC FINANCE LEADERSHIP

a. Sharpen Malaysia's proposition as an international gateway for Islamic finance
b. Strengthen policy enablers of value-based finance for greater impact
c. Mainstream social finance

Source: Financial Sector Blueprint 2022-2026

Strategic Thrust 3(i) | Advance digitalisation of the financial sector (1/2)

Objective/ End Goal for Thrust:

The key will be for Malaysia's financial industry to take advantage of the upsides of digitalisation, while managing the associated risks – especially those that may threaten system-wide stability, consumer outcomes, and confidence in the financial sector.

ON TRACK

Initiative 1

Reporting of all Takaful Operators's reduction in paper usage following digitalisation.

- The group explores methods to digitise traditional processes, leveraging technology to streamline operations, reduce paperwork, and enhance productivity.
- They also aim to modernise the Takaful industry and bring about operational advancements that benefit both providers and customers.

Complete % **50%**

Update:

- The paper usage survey has sent out to all Takaful Operators

ON TRACK

Initiative 2

Digitalisation of self-services and non-self-service capabilities.

i. Implementation of Digital GL (eGL)
ii. Product Aggregator for Family Takaful Business – info on family products available.
iii. Fraud detection /prevention repository – (industry redflag).

- Working group explores product aggregators, which have potential for customers and the industry. This paves the way for innovative distribution channels, increased product accessibility, and improved customer engagement.
- The group also monitors and aligns digital GL systems and fraud detection mechanisms.

Complete % **82%**

Update:

- The implementation of Digital GL, FIS has been leveraged to the subcommittee level
- Marketplace (MTA to update)

Strategic Thrust 3(ii) | Advance digitalisation of the financial sector (2/2)

Objective/ End Goal for Thrust:

The key will be for Malaysia's financial industry to take advantage of the upsides of digitalisation, while managing the associated risks – especially those that may threaten system-wide stability, consumer outcomes, and confidence in the financial sector.

ON TRACK

Initiative 1

Online Coverage Checking.

- By providing individuals with a user-friendly platform to verify their coverage, the project enhances transparency and fosters trust between policyholders and Takaful Operators

Complete % **88%**

Update:

- PMO in the midst to getting feedback from all Head of Operation Takaful Operators on the system

ON TRACK

Initiative 2

Strengthen the role of ISM for Family Takaful data – as a gatekeeper for industry

- The group is to explore the role of Family Takaful data is a central repository for family takaful data in order to : 1. Improve the efficiency and effectiveness of data sharing among Takaful Operators, 2. reduce the risk of fraud and other financial crimes and 3. enhance the protection of personal data.

Complete % **30%**

Update:

- Engagement and Champion of WG have to buy in and convince Takaful Operators to participate in CUE

NOT STARTED

Initiative 3

Encourage Cross Border Participation by accentuating Takaful Services in Malaysia and ease of government regulations

- This initiative is to make it easier for foreign Takaful Operators to enter the Malaysian market and to encourage Malaysian Takaful Operators to expand their operations overseas. This will benefit both customers and the industry.

Complete % **0%**

Update:

- To mobilise the initiative

Strategic Thrust 3: Advance digitalisation of the financial sector

Category

Digitalisation

Takaful Operator Initiatives

AIA PUBLIC Takaful Bhd

- Increase digitalization and automation in our Learn, Buy, Service & Claim transactions to reduce paper such as iCari, e-Brochure, e-Certificate, e-Receipt and e-Submission.
- Empowering customer with digital self serve services requests such as personal details edits, updates and changes, change payment method & frequency, update direct credit instructions and reinstatement lapsed within 90days

Syarikat Takaful Malaysia Am Berhad

- Motor Liberalisation (STMAB) - Digitalising processes in the event of an accident and claim process
- Digitalising platform for customers (STMKB & STMAB) - Shifting to digital advancement for easy access and better reach to customers (products eg: myMedicare & Travel products)

Great Eastern Takaful Berhad

- Digitisation of services (e.g. online facilities, paperless e-documents)

Etiqa General Takaful Berhad

- Agent-on-the-Go - To provide a digital tool for agents, as well as an easily accessible and usable tool for Malaysians to learn to and sell takaful products and generate a second income

PruBSN Takaful

- Continuous efforts to reduce energy consumption, digitalization and paperless operations to manage carbon emissions and promote circular economy. In 2022, a 5R awareness campaign for responsible waste management for both staff & customers was launched. Efforts are being made to implement Responsible Sourcing in 2023.

Sun Life Malaysia Takaful Berhad

- SunAccess E-Hibah (Improves TAT and empower clients and allows SLMT's clients to perform Conditional Hibah digitally via the client app, SunAccess)
- New Business (NB) e-Applications
- Enhancing Client Digital Adoption via Self-Service Portal – Claims submission

MALAYSIAN TAKAFUL ASSOCIATION

thank you!

Q&A

www.takaful4all.org

Shared Value, Shared Prosperity

Takaful4All