ORGANISED BY

MIA INTERNATIONAL ACCOUNTANTS CONFERENCE

Today's **Synergy**,
Tomorrow's **Reality**

MIA CONFERENCE 2015
26 & 27 OCTOBER 2015
CONFERENCE REPORT

KEY HIGHLIGHTS

- Officiated by the Minister of Finance II Malaysia
- 2,807 conference delegates from over 16 countries
- 60 top-notch local and international speakers
- 36 sponsors including 3 exclusive sponsors

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Today's Synergy, Tomorrow's Reality

"The fast-changing business environment requires accountants to keep tabs not only on their unique local business conditions but also regional economic initiatives and developments that are happening in the accountancy profession. For example, this means accountants need to update themselves with the opportunities and challenges presented by the ASEAN Economic Community.

Ultimately, to face tomorrow's realities, organisations will be looking to their accountants to provide input into their strategies, particularly now, and we owe it to our stakeholders to be better prepared.

Thank you for your participation in the MIA International Accountants Conference 2015."

DATO' MOHAMMAD FAIZ AZMI
President
Malaysian Institute of Accountants

CONFERENCE THEME

The remarkable blueprint of the ASEAN Economic Community (AEC) aims to position the Association of Southeast Asian Nations (ASEAN) as a powerful influential economic bloc in the 21st century, one equivalent to the world's seventh largest economy with a combined market of 625 million citizens, generating an annual GDP of US$2.5 trillion.

However, this grand vision must be anchored in synergy today, before the AEC can truly crystallise and become tomorrow's reality. At sovereign level, collaborations must escalate to bridge disparities and encourage seamless intra-ASEAN relations and integration. Malaysia in its role as ASEAN chair is keen to enhance its domestic strengths and build synergies by celebrating diversity and promoting inclusivity, to fuel economic growth and raise living standards across the region. Meanwhile, business as a key player in AEC transformation is encouraged to embrace borderless markets, by championing innovation and continuous improvement to emerge as world-class competitors.

As a partner and provider of core financial and strategic management expertise, accountants are pivotal in facilitating the region's transformation. The AEC will accelerate demand for professional accountants and their expertise; the **MIA International Accountants Conference 2015** aims to equip accountants with the relevant competencies and cross-cultural sensitivities to collaborate and prosper in an integrated market where financial talent will be increasingly mobile. By synergising our strengths today, we can help realise ASEAN's collective vision of tomorrow.

ABOUT MIA CONFERENCE 2015

The **MIA International Accountants Conference 2015** is a flagship event designed for and dedicated to accountants and corporate leaders from around the world. Known as the **MIA Conference 2015**, the Conference showcased 60 top-notch local and international speakers and industry captains who actively discussed and shared their insights on today's most pressing issues, challenges and opportunities in the accounting and business world. More than 2,800 delegates from commerce and industry, the public sector, public practice and academia participated in MIA Conference 2015. It is one of the largest gatherings of accountants in the world!

ABOUT MIA

Established under the Accountants Act 1967, MIA is the national accountancy body that regulates, develops, supports and enhances the credibility, status and interests of the profession in Malaysia. MIA accords the Chartered Accountant Malaysia or "C.A. (M)" designation. Presently, there are more than 32,000 MIA members making their stride in businesses across all industries, public practice, the public sector and academia in Malaysia and around the world. MIA's international presence and connections are reflected in its membership of regional and international professional organisations such as the ASEAN Federation of Accountants (AFA), and the International Federation of Accountants (IFAC).

MIA is a leading provider of continuing professional education for the accounting fraternity. MIA won the Human Resource Minister Award under the Training Providers category for its exceptional contributions and role in the human resources development sector of Malaysia. The MIA Conference has been organised successfully for three decades and attended by participants from Malaysia as well as the Asia-Pacific region. The MIA Conference won the "National Conference for Excellence" in the Business Events category at the Recognising Award Winning Results (rAWr) Awards 2013.

WHO ATTENDED

- Accountants in Business
- Accountants in Public Sector
- Accountants in Public Practice
- Accounting Educators
- Management and Finance Professionals
- Business Leaders
- Government and Regulatory Officers

YBHG DATO' MOHAMMAD FAIZ AZMI

President, Malaysian Institute Of Accountants

WELCOME ADDRESS BY THE MIA PRESIDENT

It gives me great pleasure to announce the resounding success of the MIA International Accountants Conference 2015, which attracted approximately 2800 delegates. This beats last year's attendance of 2,628, which is a great accolade to the Conference Chairman, Datuk Johan Idris and the team at MIA.

On behalf of MIA, I wish to record our deepest appreciation to our guest of honour YANG BERHORMAT DATO' SERI AHMAD HUSNI MOHAMAD HANADZLAH, Minister of Finance II, for officiating the conference. Indeed, his presence underscores the profession's importance to Malaysia.

The theme of this year's conference "Today's Synergy, Tomorrow's Reality" is an excellent tagline, and it essentially means that we have to work better together to face today's challenges. To sum up, there are three key challenges facing the profession, but these areas may also present opportunities.

The first is the formation of the Asean Economic Community (AEC) which will create an integrated marketplace with over 600 million consumers and valued at over USD1 billion in GDP. Pertinently, the AEC enables the free movement of skilled labour across borders, meaning that accountants in Malaysia will be increasingly able to work in other countries in the region. The key challenge facing us in following the roadmap to AEC is the state of readiness of the accounting industry. Accountants in the region will need to scale up, gain exposure to different markets and use new tools and IT systems to manage operations from multiple locations. The most successful will be those who can operate effectively in a diverse, multi-market and multicultural work environment.

To facilitate the mobility of accountants within the AEC, we are making progress on developing the Mutual Recognition Agreements (MRAs) with our counterparts. Our challenge is whether our existing regulatory and education setup is good enough to enable Malaysian accountants to operate and be recognised regionally, and MIA will be looking at this in the near term.

The second major challenge is the reshaping of the accounting profession's landscape in Malaysia. Following international reviews by the World Bank and also locally by the Committee for the Strengthening of the Accounting Profession (CSAP), CSAP has submitted its report to Yang Berhormat Datuk Ahmad Husni and we are awaiting approval to implement its recommendations. This is the first major change to the Accountants Act since 2001, and it is timely as what was relevant before may not be so relevant now. CSAP's impact encompasses everything from regulatory issues and governance through to competency building and the development of tomorrow's accountant. We have to recognise that the environment has changed and that our role as accountants has never been more in demand. Hence, we should be open to change and be constructive on how to implement CSAP.

Our final challenge is sometimes referred to as the trust deficit. We forget that the profession was built on the foundations of trust and we stand to lose our moral standing and respect of the community if we continue to permit fraudulent and criminal behaviour among our own. Members are reminded that you signed up to our Code of Ethics and should do no wrong. You are all in positions of trust and we expect you to do the right thing in every aspect of your professional life. If that fails, we are prepared to invoke our rules and take you to task.

To help turn opportunities into challenges, this conference covered several relevant topics to advance the profession. Key takeaways included updates on accounting standards and integrated reporting, accrual accounting and public sector financial management, the impact of the AEC, social media and cybersecurity challenges, gender diversity and leadership, Good and Services Tax and regional tax harmonisation, big data analytics and the new audit reporting requirements. Jazz doyenne Sheila Majid sang her heart out at lunch and the Conference ended on a high note with an illuminating no-holds-barred talk by Malaysia's Iron Lady Tan Sri Rafidah Aziz on ASEAN integration and trade liberalisation.

Finally, this Conference would not have been possible without the support of our sponsors, partners, speakers and guests, to whom I extend my utmost appreciation. I also wish to thank the Organising Committee for their excellent work and all the members of the MIA, led by Ms. Ho, who worked furiously behind the scenes to pull off this Conference. On MIA's behalf, I trust that we will see you again at our next Conference which we hope will surpass this year's edition.

YB DATO' SERI AHMAD HUSNI MOHAMAD HANADZLAH

Minister Of Finance II Malaysia

KEYNOTE ADDRESS BY THE MINISTER OF FINANCE II MALAYSIA

Heartiest congratulations to MIA for bringing Malaysians and our friends from ASEAN and other parts of the world together at this conference which enables accountants and industry experts to share insights on potential challenges and avenues for collaboration.

Honestly, I feel at home in the company of accountants, having begun my career some thirty years ago as an auditor. The training that I received at Coopers and Lybrand was invaluable and has since served me well in my capacity as the Second Finance Minister.

Economically speaking, Malaysia has achieved key milestones within the past few years. We are near the top of the International Monetary Fund and World Bank rankings for competitiveness and ease of doing business. The Asian Corporate Governance Association ranks us alongside Asia's developed markets, such as Japan, Hong Kong and Singapore. Bloomberg rated Malaysia as the world's 5th most promising emerging market in 2015.

Our performance reflects investors' confidence and the impact from the bold measures taken such as the introduction of the Goods and Services Tax (GST) in April this year, the biggest tax reform in our history. GST's successful introduction has made our taxation system more effective, transparent and business friendly.

Furthermore, our ongoing adoption of accrual accounting and Outcome-Based Budgeting is set to bring about transformational impact. These are key drivers to improve public financial management and decision making and will reflect the full economic impact of our policy decisions.

These reforms will put us on a firm footing for the future, as we prepare for a more integrated world and strive for developed nation status. A timely focus of today's conference is on ASEAN, which is a dynamic region, a world's rising star and potentially an influential economic bloc in the 21st century. Currently, its combined market of 625 million citizens is generating an annual GDP of USD2.5 trillion, equivalent to the world's seventh-largest economy. Whilst other regions have seen limited growth due to the current economic climate, ASEAN remains robust, growing 4.4% in 2014.

As our regional trade and financial integration in ASEAN increased, business opportunities for corporations and entrepreneurs have expanded, and we enjoy near-borderless markets, innovations and continuous improvements. As a result, we have seen higher demand for professional services. With the AEC fully realised, the opportunities arising will only accelerate.

To facilitate mobility within the AEC, progress has been made in developing mutual recognition of professional accreditation. The challenge is to harmonise the quality of accounting education and the continuing professional development requirements. The ASEAN Secretariat and the ASEAN Federation of Accountants (AFA) are to be commended for bringing the various professional accountancy bodies in ASEAN countries together through Mutual Recognition Agreements (MRA). To date, we have concluded MRAs in eight fields including accounting services. Congratulations to MIA for doing its part to address the pertinent issues by working closely with national accountancy bodies in our neighbouring ASEAN nations.

MIA's efforts are particularly timely given the rapid changes in the corporate sector as a result of increasing integration and complexity, which will heighten demands on professional accountants. Looking beyond today, accountants must be ready and adaptable to new developments and ideas which are constantly emerging in diverse fields. Be critical, never settle in the search for knowledge, always enhance skillsets and shift your thinking to make sense of a rapidly changing reality. This includes developing soft skills, technical competencies, thinking and mental management capabilities.

Accountants are one of the drivers in today's complex world, and I have full confidence that all of you are ready to embrace this challenge. By going further beyond current practice and accounting principles, you will provide much-needed professional support to the development of our country and region and Insya Allah, we will see a brighter future.

PLENARY SESSION 1 (PS1)

MODERATOR
YBhg Dato' Lukman Ibrahim
President
ACCA Malaysia Advisory Committee

SPEAKERS
Hiswani Harun
Deputy Secretary General (Trade)
Ministry of International Trade and Industry, Malaysia

SPEAKERS
Prasan Chuaphanich
President
Federation of Accounting Profession, Thailand

SPEAKERS
Shan Saeed
Chief Economist/Investment Strategies
IQI Group Holdings

2016 ECONOMIC OUTLOOK & AEC

Business confidence going forward is plunging as economic headwinds worsen. Moderating Plenary 1 on the ***2016 Economic Outlook & AEC***, Dato' Lukman Ibrahim, President, ACCA Malaysia Advisory Committee said that a recent ACCA-IMA (Institute of Management Accountants) survey on global economic conditions for the third quarter of 2015 found that business confidence had dropped sharply to the lowest in almost four years. Key concerns included a decline in businesses' top-line income along with deteriorating expectations for government spending.

External conditions are compounding pessimism. Asked for his perspective, Shan Saeed, Chief Economist/ Investment Strategies, IQI Group Holdings, expects a "bloodbath in global markets." Referring to the US recovery as "illusionary" and fuelled by quantitative expansion (QE), he castigated the EU and Japan as well for "printing money and borrowing from future growth" and predicted another Great Depression. On the upside, Shan is cautiously optimistic about China and the yuan, which has been recognised as a global reserve currency by the International Monetary Fund (IMF).

On the local front, Hiswani Harun, Deputy Secretary General (Trade), Ministry of International Trade and Industry, Malaysia, explained the government's initiatives to safeguard the domestic economy, which include a prudent Budget 2016, and strategic promotion of exports, investments and SME financing.

While emerging markets are not immune to global contagion, the panellists were upbeat that ASEAN integration through the ASEAN Economic Community (AEC) initiative could provide a positive economic stimulus for the region and its stakeholders. Citing the need for the profession to embrace talent mobility and capitalise on AEC opportunities, Dato' Lukman urged accountants to "know the AEC and to become Mr. or Mrs. ASEAN."

Assessing the AEC's progress, Prasan Chuaphanich, President, Federation of Accounting Professions, Thailand, commended ongoing efforts on liberalisation and integration. Hiswani said that as the current ASEAN Chair, Malaysia is working to achieve deliverables such as tariff elimination, which has been done across the board for approximately 99% of items. However, non-tariff barriers such as cultural and nomenclature impediments are more difficult to eliminate.

Prasan also elaborated on the progress of the Mutual Recognition Agreement (MRA) on accountancy services signed in August 2014 to facilitate the profession's talent mobility. The MRA is an agreement among the ten ASEAN member countries which will allow ASEAN accountants to practice their profession in any ASEAN member state provided certain qualifications in the MRA are met. Apart from setting up rules and regulations, the MRA implementation includes provisions including the establishment of a Monitoring Committee, maintenance of an ASEAN Chartered Professional Accountants Register, and registration of ASEAN Chartered Professional Accountants (ACPA). To qualify as an ACPA, ASEAN accountants should have earned a minimum of a Bachelor of Accounting degree with three years' experience in related fields, comply with required codes of ethics, meet CPD requirements in each ASEAN country and hold a recognised CPA certificate. And in order to work cross-border, they must have secured employment with an employer in the country in which they intend to practice, reminded Prasan.

Any discussion on economic prospects would logically include a question on the weak ringgit. Asked about the MYR's depreciation and rumours of Malaysia's pending economic collapse, Shan said that despite intact fundamentals, negative economic perception is being driven by non-economic variables, notably lack of confidence and fear. Meanwhile, Hiswani noted that the logical measure is for Malaysia to climb the innovation value chain and ramp up exports to counter falling revenues and commodity prices. Citing the recent establishment of the National Export Council which has drawn up a roadmap to enhance the nation's exports, Hiswani noted that Malaysia is striving to build up capacity and expertise in higher-value segments like MRO (maintenance and repair) in the aerospace sector and the higher end of the electrical and electronics sector to generate increased revenues.

Despite the bearish outlook, the panellists urged accountants to keep investing in education and upskilling.

> ***"People with the right skillsets will always be in demand. In the coming financial storm, the only variable you have is education,"***

said Shan.

PLENARY SESSION 2 (PS2)

MODERATOR
Tony Manwaring
Executive Director of External Affairs
CIMA

SPEAKERS
Boonsiri Somchit-Ong
Corporate Vice President Finance
& Global Services
Advance Micro Devices Global

SPEAKERS
Szilard Brenner
Group Chief Financial Officer
Central Retail Group
Vietnam

DRIVING TOMORROW'S BUSINESS SUCCESS

In a VUCA world where Volatility, Uncertainty, Complexity, and Ambiguity are the new normal, businesses must be able to leverage risks and opportunities to create sustainable value. Moderating the Plenary 2 session on ***Driving Tomorrow's Business Success***, Tony Manwaring, Executive Director, External Affairs, CIMA, outlined these risks as shifts in global economic power, technological breakthroughs, demographic and social change, climate change and resource scarcity, and rapid urbanisation.

Plenary 2 also drew upon the insights from Boonsiri Somchit-Ong, Corporate Vice President Finance & Global Services, Advanced Micro Devices Global and Szilard Brenner, Group Chief Financial Officer, Central Retail Group, Vietnam.

Somchit-Ong credited Malaysian employees' willingness to learn and build up skillsets as a key driver behind the success of AMD's global finance shared services. "We have to understand reporting requirements, the local GAAP requirements, tax requirements and audit requirements for every country in the world that we support." Today, AMD Global Services supports 70 AMD entities globally and provides services ranging from accounting, analytics, marketing operations, procurement, IT support to human resources "out of Malaysia and only in Malaysia."

As Generation Y penetrates the workforce, management styles must be attuned to their strengths. "They are the most creative group and many are very open to giving ideas," said Somchit-Ong. However, communication styles need to be tailored to fit their preferences for social media platforms, and it is vital to improve their oral and written communication skills.

She also emphasised responsibility and accountability. "The younger generation must understand that behaviour is being scrutinised and should reflect organisational culture. All of us are leaders and titles don't matter – we are here to help people. Leadership is about teams, not just individuals." Job rotation and overseas secondment also help imbue leadership skills, she added.

Brenner believes that it is effective to reward and recognise exceptional effort above and beyond the job. He advocates "reverse mentoring to understand young people. Frame ideas in language that they can resonate with."

According to Brenner, business has to focus not just on what to deliver but how to deliver and make it relevant. Dialogue with shareholders and stakeholders is also very important. Ensure that goals are SMART – specific, measurable, achievable, relevant and timely. It is also important to set goals and KPIs which are non-financial to measure impacts across the board.

Brenner stressed the importance of building stakeholder engagement e.g. through corporate social responsibility projects, to improve the external business environment in which companies operate. He gave an example where Tesco in Malaysia and other retailers had to devote time to consult with local shopkeepers and small retailers to help them improve their businesses. "It is like physically giving back to society and it is a give-and-take. Yes, you have to sacrifice time but you will build better relationships with the local communities and authorities." Other CSR projects undertaken by the retail sector include green initiatives such as carbon-free stores to improve their environmental footprint. "These are very, very expensive to do and the return on investment is actually very, very long, but we believe it is the right thing to do."

Asked how to survive in a complex economic regime, Somchit-Ong advised finance professionals to be adaptable, "to be able to change very, very fast. Always volunteer for projects so you can learn and keep up-to-date to enhance your value." Szilard recommended integrating internal and external information to understand your business and the areas in which you have a competitive advantage, or not.

> ***"Extend your vision and scope and focus beyond your organisation to understand current market players and new entrants."***

This is particularly critical in an ASEAN which is fast evolving in complexity.

CONCURRENT SESSION 1A (CS1A)

MODERATOR
Jonathan Yabut
Season 1 Winner of The Apprentice Asia
(the hit pan-Asian reality TV show)

SPEAKERS
Suhaimi Sulaiman
Managing Director, Lakaran Alam Sdn Bhd
(former Astro AWANI
Group Editor-in-Chief)

SPEAKERS
Sujit Mittra
Director & Co-Founder,
COGNASIA Pte Ltd

SPEAKERS
Wan Mohd Zam Wan Embong
Board Member and Senior Director,
Legal and Government Relations,
Golden Arches Restaurants Sdn Bhd

MANAGING CRISIS IN THE AGE OF SOCIAL MEDIA

With one in four individuals active on Facebook, the unrelenting scrutiny of social media combined with crises can create the perfect storm for businesses. Jonathan Yabut, the Season 1 Winner of The Apprentice Asia who moderated the concurrent session on ***Managing Crisis in the Age of Social Media,*** defined a social media business crisis as "an issue that arises in or is amplified by social media, and results in negative mainstream media coverage, a change in business process or financial loss."

> ***"The fundamental principles of crisis management remain the same as they did ten years ago. However, the emergence of social media has driven changes in crisis response, given that everyone is a citizen journalist or a consumer activist and that every employee could become a spokesperson for the business,"***

explained Sujit Mittra, Director & Co-Founder, Cognasia Pte Ltd.

Elaborating on the other changes brought about by social media in terms of handling a crisis, Sujit said: "In a VUCA world – a world of volatility, uncertainty, complexity and ambiguity – with a 24X7 news cycle, the crisis management team (CMT) also needs to be 24X7. In the pre-social media age, a brand had about an hour to respond to a major crisis. Nowadays, expectations are that crisis responses need to happen in minutes. And finally, a new brand management challenge in the social media era is the seemingly permanent footprint of a negative post on a social media tool that can come up in an Internet search, even years after the crisis has abated."

The general consensus is that South East Asian companies are generally not prepared for a social media crisis and lack a formal crisis management structure in place, as there is resistance to investing in non-revenue generating activities which are not mandated by regulations.

"The three key factors to measure preparedness of a social media crisis management plan are: one, is a hard copy of a clearly articulated and documented crisis management plan available with the CMT? Two, have a CMT leader and a spokesperson been appointed? Three, is the process in place to kill any pre-scheduled automated marketing communications that may be considered offensive in the midst of a crisis?" asked Sujit.

The CMT plays a pivotal role, according to the panellists. "The CMT spokesperson should already have established a prior relationship with the media and have the know-how to deal with the media. He or she also needs to show compassion and be able to relate to the situation at hand," stressed Suhaimi Sulaiman, Managing Director, Lakaran Alam Sdn Bhd and former Group Editor-In-Chief of Astro AWANI.

"The CMT should be a cross-functional team, which at the minimum should comprise of stakeholders from legal, security, finance, public affairs and operations. During a crisis, the CMT should also be ready to get additional help – externally, if need be," said Wan Mohd Zam Wan Embong, Board Member and Senior Director, Legal and Government Relations, Golden Arches Restaurants Sdn Bhd (McDonald's Malaysia).

"Any additional members of the CMT depend on what exposures the business faces. Our experience is to exclude the P&L owners from the CMT as that role is already represented by the CXO (C-level officers), who will make the necessary assessments," advised Sujit.

Importantly, when allegations or complaints start to surface on social media, these need to be addressed head-on rather than ignored. Otherwise, a slow burn may eventually rage out of control, as was the case with the recent epochal Volkswagen emissions scandal. Furthermore, a crisis presents an opportunity to create or reinforce a positive brand image; hence, it is prudent to invest upfront in a crisis management plan. Just as it is too late to buy insurance after an accident, it would be too late to contemplate this investment once a crisis is well underway!

CONCURRENT SESSION 1B (SC1B)

MODERATOR
Siew Wai San
Director, Members Development & Education, MIA

SPEAKERS
Salika Suksuwan
TalentCorp Diversity Advocate, Talent Corporation Malaysia

SPEAKERS
Prashant Chadha
Managing Director, Aon Hewitt Malaysia

SPEAKERS
YBhg Dato' Sandra Wong Lee Yun
Executive Director, Mediharta Sdn Bhd

GENDER DIVERSITY IN LEADERSHIP: MAKING THE BREAKTHROUGH

Opening the concurrent session on ***Gender Diversity in Leadership: Making the Breakthrough***, moderator Siew Wai San, Director, Members Development & Education, MIA, said the female labour participation rate had steadily increased to 53.6% in 2014 from 46.8% in 2010, a growth of 6.8% as indicated in the recent Labour Force Survey Report (released in June 2015). This means that out of 100 women, approximately 54 are working. This is one of the lowest female labour participation rates in ASEAN, explained Salika Suksuwan, TalentCorp Diversity Advocate, Talent Corporation Malaysia.

Globally, the numbers of women decline as they climb the ranks. According to McKinsey's Women in the Workplace 2015 study, women comprise 45% of entry-level professionals but 17% at the C-suite level. The biggest barrier to gender diversity within senior management is the "double burden syndrome", where women must balance work and domestic responsibilities.

Other barriers mentioned were women's reluctance to promote themselves, lower ambitions, and less effective networking. Dato' Sandra Wong Lee Yun, Executive Director, Mediharta Sdn Bhd, commented that "women tend not to show their ambition, or to volunteer their talent. How far you go in an organisation depends on how far you want to reach. Don't be afraid to be ambitious." She agreed that women network less effectively. "Which is more important – technical competence or connections? Networking is important so pay attention to that."

Comparing the 80% male labour participation rate to 53% female, Salika said that women in Malaysia may be opting out due to changing circumstances such as new family commitments. "If companies make the extra effort to support women to come back to work, there won't be such a talent crunch. How can we get them back to work?"

One, position gender diversity as a business strategy. "Absolutely, there is a correlation between diversity and performance and we see it everyday," said Prashant Chadha, Managing Director, Aon Hewitt Malaysia. Wong agreed that companies must believe that it contributes to the bottomline in order to integrate and acculturate gender diversity.

Two, ensure that gender diversity in your workforce reflects your stakeholder interests and composition. The workforce should mirror the diversity of the consumer base, many of whom are women who influence purchasing decisions. "But we need to focus our efforts to have more women at many levels, and not just increase women, because then you will see a concentration at the lower levels, and not women as decision-makers," warned Salika.

While companies globally are embracing gender diversity, Malaysia still lags, said Salika. One exception is Maybank, which has in tandem with its growth strategy for business, paid particular attention to women representation at senior levels. In 2009, Maybank had 15% women in senior positions and 31% in 2014. In terms of succession planning, women comprised 19% of the pool in 2010 and 35% in 2014.

Three, clarify communications. Be very careful with diversity messaging, and bear in mind that men are listening too, cautioned Prashant. "It's not a competition – it's not us versus them." Open the doors to conversation to build awareness. Prashant noted that it's very important to focus on middle management, to get these managers to have a diversity conversation and be open to implementing change.

Four, understand and adapt to women's changing needs. "Look into facilitating the work environment to keep women in the workforce," advised Sandra. Build awareness and educate organisations and male decision-makers on maternal requirements, such as mother's rooms, and structure family-friendly flexible work arrangements. Salika urged companies to initiate career comebacks to provide opportunities for women who want to return to the workforce after taking a break. Best practices to accommodate career comebacks include job-sharing and pro-rated salaries, along with shorter hours and days, said Prashant.

Importantly, embed gender diversity into corporate culture.

"Everybody in the room has to take ownership to retain and develop women in our team." Salika urged delegates to "ask ourselves, what's our role and what can we do to contribute? Gender diversity is to build stronger teams and to help performance."

She encouraged men in the room "to reach out to the women on their teams or their peers, to support each other and help each other shine."

CONCURRENT SESSION 1C (CS1C)

MODERATOR
Dr Nurmazilah Dato' Mahzan
Deputy Chief Executive Officer
MIA

SPEAKERS
Tim Phillipps
Partner
Deloitte Analytics

SPEAKERS
Lim Fen Nee
Head, Audit Oversight Board
Securities Commission Malaysia

SPEAKERS
Sanjay Sidhu
Executive Director, Advisory
BDO Malaysia

AUDITING IN THE BIG DATA ECOSYSTEM : PREPARING AUDITORS FOR THE NEXT LEVEL

The Big Data phenomenon is widely expected to revolutionise the profession, and hence it is essential for auditors to acquire competency in analytics. "There are four aspects imperative to understanding Big Data: volume, velocity, variety and veracity," said Dr. Nurmazilah Dato' Mahzan, Deputy CEO, MIA, moderating the session on ***Auditing in the Big Data Ecosystem – Preparing Auditors for the Next Level.***

Addressing the question of how Big Data will impact on businesses and auditors, Tim Phillipps, South East Asia (SEA) Leader – Forensic & Analytics, Deloitte said that depends on how it is used. "You can drop the 'Big' – it's just data," he stressed. "For instance, most of us are already using Excel as an analytics tool but there are many other tools. Some are good, some not so. Some are expensive and others are not. It's how you use these tools that matters. It's about what you do with the data, not its volume."

One of the main issues was how to ensure audit quality when dealing with large volumes of data. "The amount of data that you use deepens the character of the information you gain," said Lim Fen Nee, Head of the Audit Oversight Board, Securities Commission Malaysia. "Trends show that consulting firms which have higher analytical skills are more in demand, but a high degree of assurance is required."

Opining that we have actually allowed ourselves to be overwhelmed by data, rather than working to manage it effectively, Sanjay Sidhu, Executive Director, Advisory, BDO Malaysia said that the tools to deal with Big Data have not changed very much but "we are only just beginning to see what we can do with them." The changing nature of data and the tools to manage it have given rise to new challenges. One of these is veracity of data, which is tied to the massive volumes that flow into and out of our environments every day.

"Clients and stakeholders are looking for data with integrity," Phillipps said. "And if you cannot provide this assurance, your competitors will."

Big Data, could in fact, improve client engagement, as large amounts of data could be used for qualitative analysis, which could in turn improve decision-making.

Describing the collection of data as challenging, Sidhu urged the delegates to apply logical thought processes. "Don't be blinded by the amount of data available," he cautioned. "Instead, be guided by the fundamental question of what you are trying to achieve." Phillipps advised "letting the data speak for itself." Users need not make assumptions, he said. Instead, look at the data and see what it indicates about risk areas. "You can use visualisation tools to find which projects are ahead of schedule and which are behind," he suggested. "This could help you, as an auditor, to determine what questions to ask about the audit." Another issue was what type of Big Data could be of most use to auditors.

Equally important is the matter of who is capable of interpreting the data. "The mind of the auditor is necessary to 'tell the story' of the data as well as the technology that supports it," conceded Sidhu. Advising practitioners not to give up traditional auditing methods completely in favour of Big Data analysis, Phillipps said, "Hire somebody who can experiment with systems and tools." Lim agreed, adding, "Technology should be able to secure audit, and leave an audit trail." At the end of the day, Sidhu concluded, it boils down to having the skills necessary to analyse the data, and to manage data and its impacts and implications. "Know what you want, and why you want it," he said. "Ultimately, it's all about providing quality auditing."

CONCURRENT SESSION 2A (SC2A)

MODERATOR
Cesar Bacani
Editor-in-chief
CFO Innovation Asia

SPEAKERS
Chris Allen
Principal Advisor
KPMG

SPEAKERS
YBhg Datuk Bazlan Osman
Executive Director/Group Chief
Financial Officer
Telekom Malaysia Berhad

SPEAKERS
Ahmad Tifli Dato' Hj Mohd Talha
Chief Financial Officer
Felda Global Ventures Holdings Berhad

FINANCE FUNCTION MAKE OVER:
ADAPTING TO EMERGING BUSINESS CHALLENGES

How can the finance function be transformed to add more value to organisations?

"As part of the transformation journey that a finance function undergoes, the focus shifts to a 20-30-50 split in time spent in finance operations, financial reporting and control, and managing financial performance respectively," said Cesar Bacani, Editor-in-chief, CFO Innovation Asia, quoting KPMG research in his role as moderator of the concurrent session on ***Finance Function Make Over: Adapting to Emerging Business Challenges***. An example of managing financial performance is supporting with business decisions, i.e. monitoring business performance, risk management, partnering with the business, value-added analytics, forward-looking planning and forecasting. Financial reporting and control refers to the compliance required with internal and external regulations. Financial operations include transaction processing and book-keeping which nowadays could be done with ERP (enterprise resource planning) standardisation, shared services or outsourcing, master data and policy management systems in place with automation.

Building capacity will be pivotal to the transformation. "Capacity is created within the finance function with technology-enabled process standardisation and optimisation of process, system and people within finance operations resulting in reduced manual intervention. This capacity could be channeled to support business decision-making," explained Chris Allen, Principal Advisor, KPMG. "The higher the decision difference, i.e. the more the value that the finance function brings to the business decision making, determines the level of investment that could then be made into this finance function."

"There are step changes in the analytics area brought about by big data technology and cloud computing that allow for use of greater amounts of data in the finance function to generate actionable insights. For example, the use of predictive models from industry publications or trends from Google maps to see weather patterns, insect infestations, yield trends or changes – undoubtedly pushes the boundary of the finance function, but these give greater insight into the business and hence the financial performance of the business," added Allen.

A trend currently is for the finance function to transition into a finance shared services centre to carve out added value. Ahmad Tifli Dato' Hj Mohd Talha, Chief Financial Officer, Felda Global Ventures Holdings Berhad shared his experiences on finance function transformation. "FGV was incorporated in 2007 with a goal to create the mindset change within Felda from a government-owned company to a global company. As part of the 2012 IPO process, the staff was already well aware of the changing environment of becoming a publicly-held organisation and so undertaking a finance transformation in this broader context was relatively easier." While stating that FGV's finance transformation journey has just begun, Tifli said that FGV had transitioned from employing 152 staff supporting payables and salary processing for eight operating companies to currently utilising 115 staff to support the following activities for 24 (out of 58) operating companies: payables, receivables, fixed asset management, processing payments including automated cheque payments, salary processing, expenses and benefits processing.

A successful finance transformation has the following key factors: CEO buy-in, stakeholder alignment, management of stakeholder expectations, and ingraining a culture and mindset of continuous improvement. "To support the re-training of finance personnel as business partners in supporting decision making, Telekom Malaysia (TM) has a talent management programme that forms part of the KPIs that senior leaders are measured on," said Datuk Bazlan Osman, Executive Director and Group Chief Financial Officer Telekom Malaysia Berhad. In addition to internal and external training, TM provides on-the-job exposure for its talents via rotations to its different subsidiaries. To improve soft skills, the talents are expected to present the results of the "needle-moving projects" to the executives and the board.

"The flipside of this is that it poses the challenge of retention of such talent since the individuals become high in demand. However, it doesn't stop us from continuing to groom and train young finance executives in the group finance organisation."

CONCURRENT SESSION 2B (CS2B)

MODERATOR
Chong Chen Kian
Director
Professional Standards and Practices
MIA

SPEAKERS
Nik Mohd Hasyudeen Yusoff
Executive Director
Market & Corporate Supervision
Securities Commission Malaysia

SPEAKERS
Paul Thompson
Director
Global Accountancy Profession Support
International Federation of Accountants (IFAC)

SPEAKERS
Liz Stamford
Audit & Insolvency Leader
Chartered Accountants
Australia and New Zealand

SPEAKERS
Thong Foo Vung
Member of Auditing and Assurance
Standards Board (AASB), MIA

THE NEW AUDITOR'S REPORT : A GAME CHANGER?

The new guidelines issued by the International Auditing and Assurance Standards Board (IAASB) in April 2015 will further transform an already challenging global landscape for audit reporting. Hence, in March 2015, MIA and MICPA formed a working group to provide guidance to stakeholders and support the implementation of the revised audit regulations in Malaysia.

Asked if the new Auditor's Report is actually a game changer, Paul Thompson, Director, Global Accountancy Profession Support, IFAC, agreed. "There have been no significant changes to the Auditor's Report for the last twenty-five years, so this is timely," he said. "It is crucial to be able to show the primacy of the work that auditors actually do, and reinforce the perception of audit quality. Investors and stakeholders want more today, and the report will be able to address this. There may be more changes in the years to come as well." Session moderator Chong Chen Kian, Director, Professional Standards and Practices, MIA, agreed, adding that auditors today need to tell more in order to stay relevant. Indeed, the new audit report is expected to make matters more transparent to the public and other stakeholders.

Will there be a higher burden of expectations? "Auditors themselves will have to demonstrate that they understand the business of their respective clients," said Nik Mohd Hasyudeen Yusoff, Executive Director, Market & Corporate Supervision, Securities Commission Malaysia. "It requires more planning and a deeper understanding of industry issues, and how these impact on the clients' businesses. Also, since the report has to be filed with the regulators, auditors have to demonstrate more independence and be prepared for greater scrutiny. From the shareholders' perspective, more can be understood about the company's key risks and issues, so this will add value to the auditing process. Auditors will now have to report things which they may not have had to disclose before."

Speaking from the UK experience, Liz Stamford, Audit and Insolvency Leader, Chartered Accountants Australia and New Zealand, said that in the first year of implementation, the reports were noticeably longer. Subsequently, the reports carried more visuals. However, it became apparent that the markets and investors were beginning to drive the report. "There have been many changes but these have been very positive and added value. The sensitive issue of confidentiality and the worry of giving away business secrets through the report have actually emphasised the importance of internal controls. In some instances, the new Auditor's Report is changing the way that directors are putting out information today."

Among the most significant changes to the format of the new Auditor's Report is the emphasis on Key Audit Matters (KAM), which is widely regarded as being challenging to implement. Even with the guidance from the standard, the interpretation of key audit matters may differ from one party to another, hence determining precisely what constitutes a key audit matter will be dependent on professional judgement. Asked if the new Auditor's Report was of value to investors, auditors and stakeholders, Thong Foo Vung, Member, Auditing and Assurance Standards Board, MIA replied that since Key Audit Matters are now highlighted, they would have to take notice as this affects them directly. "People will start asking more questions, and this will improve the reporting environment," he said. To a question on how the new audit report could improve the quality of reporting from the regulator's perspective, Nik Mohd Hasyudeen said,

> ***"Whoever picks up the report is entitled to rely on the information in it. The report will require a great deal of thinking and planning. Ultimately, it has to be relevant and enhance trust and confidence in the market."***

CONCURRENT SESSION 2C (SC2C)

MODERATOR
Rasmimi Ramli
Senior Manager
Professional Standards Practices
MIA

SPEAKERS
Eddy James
Technical Manager
ICAEW

SPEAKERS
Stephen Oong Kee Leong
Member of the Financial Statement
Review Committee (FSRC) MIA

SPEAKERS
Shafiq Abdul Jabbar
CFO Malaysia
CIMB Bank Berhad

GETTING READY FOR THE NEW CHANGES IN MFRSs

Preparers were urged to get a head start on implementing two highly complex financial reporting standards, MFRS15 Revenue from Contracts with Customers and MFRS 9 Financial Instruments in the concurrent session on ***Getting Ready for the New Changes in MFRSs***, moderated by Rasmimi Ramli, Senior Manager, Professional Standards Practices, MIA. The effective date of MFRS 15 has been deferred to 1 January 2018, while MFRS 9 will take effect beginning 1 January 2018.

Asked about the main differences between the existing and new revenue standards, Stephen Oong Kee Leong, Member of the Financial Statements Review Committee MIA, noted that one of the key differences between the existing revenue standard and the new revenue standard is the timing of recognition of revenue. "Under the existing standard, recognition of revenue occurs at the point in time when the risk and rewards of the goods or services you are selling pass over to the buyer. Whereas under the new revenue standard, we look at which point in time control of the goods or services passes from the seller to the buyer, and that is the point in time that the seller recognises revenue."

Oong cautioned users not to "go away with the preconceived ideas that the standards will not make much difference to you." For example, housing developers applying MFRS are required to recognise revenue and profits using the percentage of completion method under MFRS 15. However, under the existing revenue standard (MFRS 18), housing developers can only recognise revenue and profit upon completion of construction of the houses. "There is a huge difference in the timing and recognition of revenue and profit if you are a housing developer."

The unbundling concept under the new revenue standard will also affect many industries. For example, telcos selling bundled "free" phone and network access packages must from 2018 recognise the revenue from the sale of the handphone immediately and recognise revenue from network access as and when customers utilise the service. "Under the new revenue standard, the telcos is actually selling two things – the handphone and the network access. There are two obligations that the telcos have to perform," stressed Oong. Oong also gave several other examples where unbundling of the performance obligations needs to be done under MFRS 15, e.g. sales of cars with 5 years' free maintenance services, sales of goods with extended warranties and the sale of a cup of coffee with one stamp given to the purchaser where 10 stamps collected will entitle the customer to a free cup of coffee. Other matters to take into consideration in the application of MFRS 15 include the time value of money of money related to deferred and advance payments, allocation of considerations received from customers between the various performance obligations, and determination of variable considerations etc.

Speaking on the global implementation experience, Eddy James, Technical Manager – Financial Reporting Faculty ICAEW, warned that IFRS 15 will affect all sectors. "This standard is very complicated and presents a formidable logistical challenge when it comes to implementing it."

He advised preparers to consider the different revenue streams across their business. Things to do include: identifying if there are separate performance obligations in your contracts; working out transaction prices; allocating standalone transaction prices to the different performance obligations; and determining when to recognise revenue, and if the revenue should be recognised at one point in time or over a period of time. "The biggest lesson really from people I've talked to in the process of implementation is that it is a major project and it's going to take a lot of time. So start work as soon as possible," said James. Importantly, understand the blanket impacts of the revenue standard; changes in revenue recognition will impact bottom lines, which in turn will affect financial ratios, banking and lending arrangements, employee remuneration, disclosures and shareholder relations, etc.

In his overview of MFRS 9, Shafiq Abdul Jabbar, CFO Malaysia, CIMB Bank Berhad, said that classification will not be the main impact of this standard which banks globally are grappling with. "The business model test will guide companies on classification and to decide on whether they want to collect contractual cash flows from financial instruments."

Instead, impairment which has shifted from incurred losses to expected losses will be the most significant change. Under the expected loss model, business must watch out for significant credit deterioration and calculate lifetime expected losses on financial instruments. "There could be huge catch-up provisions," said Shafiq.

"Banks that have applied it have seen provisions increase significantly at a time when capital is becoming increasingly important and scarce."

Key factors to consider will be the overwhelming amounts of data (which must be checked by auditors and regulators) required to calculate expected lifetime losses on instruments such as 30-40 year mortgage loans, the subjective judgement entailed in determining significant credit deterioration, and corresponding disclosure requirements, Shafiq remarked. While he welcomes the standard's forward-looking direction, differing forecasts could also result in diminished comparability between companies and institutions.

LUNCH & ENTERTAINMENT



























TRACK B


MIAconference
2015
MIA INTERNATIONAL ACCOUNTANTS CONFERENCE
26 & 27 October 2015


TRACK C

ENHANCING TRANSPARENCY IN THE PUBLIC SECTOR: THE ROLE OF ACCOUNTANTS

A critical mechanism in improving public sector financial management will be the implementation of accrual-based accounting, a method that measures the performance and position of a company or an entity by recognising economic events regardless of when the cash transactions occur. "Accrual accounting enables quality decision-making by the nation's leaders and allows for comparability of the government's financial performance. There are growing expectations and focus on public sector transparency in Malaysia, i.e. to improve public information of the government's financial management," said Ravi Navaratnam, Chairman, Ethics Standard Board, MIA, who moderated the concurrent session on ***Enhancing Transparency in the Public Sector: The Role of Accountants.*** However, he cautioned that "accrual accounting is just a tool, a piece of the jigsaw and is not a holistic solution to address public sector transparency."

Er Beng Kiong, Senior Deputy Director, Accrual Accounting Project Team, Accountant General's Department of Malaysia shared the implementation status of accrual accounting in the public sector in Malaysia: "The plan was to launch with federal government accounts changing over to accrual-based accounting as of 1st January 2015, to be followed suit by accounts from the states, statutory bodies and local authorities in 2016. With the benefit of hindsight, these aggressive timelines cannot be met. The next feasible launch timeline is 1st January 2017."

"The project challenges we've faced reflect the same challenges faced globally in undertaking such a massive change: the lack of trained staff and complex IT system requirements. The expertise required is not limited to understanding the basic accrual concepts, but also requires technical knowledge in complex areas such as accounting for off-balance sheet liabilities, leases and concessions. To support the complex IT system requirements, technical IT and ERP expertise is required at the start of the conversion process, but has been a challenge for our appointed system integrator," Er elaborated.

On the specific topic of off-balance sheet contingent liabilities, Er clarified that, "Accrual accounting requires a note to be put in the accounts to reflect these liabilities and hopefully, the contingent liabilities will not be fully realised."

John Matheson, President of CIPFA empathised with the challenges of rolling out the Malaysian Public Sector Accounting Standards (MPSAS). "We've been using accrual accounting in Scotland since 1998. It was introduced in a tight time-frame over a period of 4-6 years when the UK introduced accrual accounting. The key success factors to the rollout were continuous commitment from the top during this period of change and the organisation's culture that is required to support the process."

With regards to other factors required to further increase public sector transparency beyond accrual accounting, Tan Sri Datuk Dr Abdul Samad Hj. Alias, Chairman, Perbadanan Insurans Deposit Malaysia remarked, "The internationalisation of corporate governance in the leadership needs to happen. Governance is top down and the tone at the top needs to portray that belief so that processes will support the ideal. There is a Chinese proverb that says the fish rots from the head. Malaysians unfortunately have a psyche that presumes that the people in power can do no wrong."

YB Datuk Nur Jazlan Mohamed, Deputy Minister of Home Affairs I, Malaysia urged accountants to be accountable and personally responsible for transparency and good governance. "Look at it as an individual – be prudent and transparent, be long-term in your thinking, be thrifty. It is in this same way that you should perform your duties as an accountant." His subsequent remarks drew applause from the audience:

> ***"Technical skills are less important – because these can be learnt. You cannot learn ethics or principles – you are born with them. In life, not everything is black and white. Everything is grey and that is how you deal with being an accountant."***

CONCURRENT SESSION 3A (CS3A)

MODERATOR
Ravi Navaratnam
Chairman
Ethics Standards Board,
MIA

SPEAKERS
YB Datuk Nur Jazlan Mohamed
Deputy Minister of Home Affairs I
Malaysia

SPEAKERS
John Matheson
President
CIPFA

SPEAKERS
YBhg Tan Sri Datuk Dr Abdul Samad Hj Alias
Chairman
Perbadanan Insurans Deposit
Malaysia

SPEAKERS
Er Beng Kiong
Senior Deputy Director
Accrual Accounting Project Team
Accountant General's Department

TOWARDS A COORDINATED TAX POLICY FRAMEWORK IMPENDING AEC

Regional integration, including tax harmonisation, is poised to be time consuming and challenging, according to the concurrent session on ***Towards a Coordinated Tax Policy Framework Impending AEC.***

In his overview of the current status of the ASEAN Economic Community (AEC), session moderator Dr Veerinderjeet Singh, Chairman, Taxand Malaysia Sdn Bhd, stated from the outset that integrated policies were not going to happen in the ASEAN region any time soon. But this is not to be wondered at, he added quickly, because "The EU, for instance, took many years to reach the level where it is today – it has been a very long process of integration, and the AEC will have to go through the same thing."

In terms of progress on integration and harmonisation, almost 91% of the AEC's targets have been met as of April 2015. However, according to Jayant Menon, Lead Economist, Asian Development Bank in Manila, the hardest part is yet to come: making things work in the respective countries, in the way envisaged during discussions.

"In some instances, the respective country representatives have had to go home and seek constitutional change, in order to make the policy work," he said.

"With ASEAN, it's about the carrot, not the stick. If governments are not convinced, nothing will happen. There has to be cohesive development of fiscal policy that will cover all ASEAN countries but tax harmonisation and policy coordination sometimes may work in reverse, in the region. Currently, there is little incentive to push the coordination of fiscal policy. No country wants to give up its sovereignty over money matters, but it will happen as integration increases. We will have to revisit this aspect, especially with the development of Base Erosion and Profit Shifting (BEPS) regulations."

Speaking on the similarities and differences of tax structures across the ASEAN region and ASEAN tax treaty networks, Paul Drum, Head of Policy, CPA Australia, pointed out that there was as yet no harmonisation in tax rates, and that the treatment of dividends differed between countries, unlike the regimes in other trading blocs.

However, coming in at this later stage of the integration game could be beneficial for ASEAN. Lorraine Parkin, Senior Executive Director, GST, Grant Thornton Malaysia remarked that blocs such as the EU were much older models, and the advantage AEC had over them was that it could consider more recent developments like the Internet economy. "AEC is poised to be an early mover on cross-border taxes," agreed Drum. "It will have an advantage when it comes to the digital economy, and taxing the digital products connected with the BEPS agenda." The variety of economies within AEC was also a topic of discussion; ASEAN is home to both developed economies like Singapore and emerging economies like Myanmar.

The implications of this are varied. Parkin felt that this will lead to the signing of many tax treaties, as countries seek to ensure the free movement of people and goods in the region, but are anxious to avoid double taxation. Generally, however, there has been no concerted move to encourage the development of harmonised tax agreements because "ASEAN countries and economies are traditionally competitive, not complementary of each other," Menon said. On the issue of BEPS and its implications for AEC, Drum said that the G20 has already involved 20 countries in discussions on this issue, in efforts to identify what needs to be done to combat it. "The game changer in all this is the exchange of information," he said. "Because of this, all operations can now be scrutinised."

CONCURRENT SESSION 3B (SC3B)

MODERATOR
Dr Veerinderjeet Singh
Chairman
Taxand Malaysia

SPEAKERS
Lorraine Parkin
Senior Executive Director, GST
Grant Thornton, Malaysia

SPEAKERS
Paul Drum
Head of Policy
CPA Australia

SPEAKERS
Jayant Menon
Lead Economist
Office for Regional Economic Integration
Asian Development Bank

INTEGRATED REPORTING (IR) IN ISLAMIC FINANCIAL INSTITUTIONS:
FROM COMPLIANCE TO VALUE PROPOSITION

As the Islamic finance industry in Malaysia matures, it aims to deliver social benefits on top of financial growth. Integrated Reporting <IR> could add value to Islamic Financial Institutions (IFIs) by facilitating both financial and social disclosure, which helps build brands and trust.

In his overview of the concurrent session on ***Integrated Reporting (IR) in Islamic Financial Institutions: From Compliance to Value Proposition,*** moderator Dr. Syed Musa Alhabshi, Associate Professor, Institute of Islamic Banking and Finance IIUM, said that the industry needs to reset the perception of shariah from being synonymous with Islamic law (the compliance mentality) to a set of values which upholds the common social good (the value proposition). This is in line with global developments where businesses are expected to discharge their social obligations and <IR> can be a vehicle for enhanced disclosure and reporting on both financial and non-financial impacts.

Dato' Muzaffar Hisham, Chief Executive Officer, Maybank Islamic Berhad explained that the Islamic Financial Services Act 2013 (IFSA) has had landmark impacts on the industry's evolution. One, the reclassification of mudharabah accounts as investment accounts and not deposits which are not protected by deposit insurance have given IFIs an opportunity to create value by offering profit sharing on financing assets and providing potentially higher returns to customers and stakeholders. Two, shariah guidelines are now a statute under the Act, meaning that shariah governance is now paramount; IFIs must manage shariah risk effectively utilising their different lines of defence such as frontline controls, shariah review, and shariah audit. Third, IFSA strengthens Bank Negara Malaysia's regulatory oversight to empower shariah governance.

As Islamic finance expands to embrace its social values and obligations, IFIs can seize the opportunity to improve zakat (charitable giving) and waqf (endowments) for social benefit and help alleviate the state's burden. According to Muzaffar, not all Islamic banks are discharging zakat obligations; this should be part of the DNA of Islamic banks. Meanwhile, waqf presents a tremendous opportunity for asset management for IFIs, as well as a means to fuel national development efficiently by optimising waqf assets for Malaysia as well as other countries such as the Gulf states. Muzaffar noted that Malaysian IFIs are ideally placed to manage waqf because Islamic banks are heavily regulated under the IFSA 2013.

Previously, the challenge was that Islamic banks didn't know how to report zakat and waqf and other corporate social responsibility initiatives; <IR> provides a framework for disclosure.

Muzaffar also cautioned IFIs to focus on measurements and comparability, and to identify stakeholders properly to ensure that <IR> is relevant. "What are the barometers and ROIs of social values? Who are we reporting to? If we measure and report, it may not be good value creation if markets, the analyst community and shareholders are not receptive." Hence, engage with stakeholders to build awareness and report on relevant KPIs to enhance share or institutional value.

Nik Shahrizal Sulaiman, Executive Director, PwC Malaysia opined that <IR> is a source of competitive advantage for IFIs in a very tough banking landscape going forward, and encouraged early adoption. "Trust is the key difference for IFIs. Customers and stakeholders trust that IFI operations, processes and products are shariah compliant. Broken trust is the biggest strategic risk for any players in Islamic finance, and trust can be broken in many ways. How can players put in sufficient controls and processes to protect this trust? This is an area that IFIs can explain further and turn into a source of competitive advantage." Furthermore, <IR> can help IFIs communicate their efforts at shariah governance and shariah audits.

As part of the sector's evolution, enhanced disclosure will support and reinforce the brand of Islamic banks, and demonstrate that the organisation puts high importance on shariah principles, shariah assurance and protecting stakeholder trust, concluded the panellists.

> ***"We are really going into a paradigm shift in terms of thought processes from financial intermediation to social intermediation, building trust and value at the same time,"***

said Assoc. Prof. Dr Syed Musa.

CONCURRENT SESSION 3C (CS3C)

MODERATOR
Dr Syed Musa Alhabshi
Associate Professor
Institute of Islamic Banking & Finance
IIUM

SPEAKERS
YBhg Dato' Muzaffar Hisham
Chief Executive Officer
Maybank Islamic Berhad

SPEAKERS
Nik Shahrizal Sulaiman
Executive Director
PricewaterhouseCoopers Malaysia

MANAGING THE EVOLUTION OF THREATS IN THE CYBER AGE

Cybercrime is becoming increasingly sophisticated and globalised, and the best defence lies in strengthening awareness and education.

Prefacing the session on ***Managing the Evolution of Threats in the Cyber Age***, moderator Jason Yuen Chee Mun, Partner, Advisory, Ernst & Young Advisory Services Sdn Bhd, said that cybercriminals are gaining power and resources and that the number of threat actors participating in cross-border cyberwarfare, including nation states, is rising.

Framing cyber risk as a leading business issue and a top three risk for organisations, Paul O'Rourke, Partner, Advisory, Asia Pacific Cyber Security Leader, Asia Pacific EY advised addressing the key risk areas of technology, people, processes, governance and third parties in order to better manage cyber risks. Adding that it was impossible to zeroise cyber risk, O'Rourke said that organisations must accept a certain level of cyber risk.

As economies and societies digitise, our pervasive reliance on technology increases our vulnerability. Awareness and education are critical to staying safe in cyberspace, and this applies to all stakeholders. "Anybody who works with a device is under threat," remarked Marsineh Jarmin, Head of Cluster, Cluster for Innovative Management Technology (i-IMATEC), Institut Tadbiran Awam Negara (INTAN). In cybersecurity, passwords and identity protection are the first line of defence; "sharing is caring but don't share passwords," she quipped. Ensure that data is tightly guarded, and examine your systems for weaknesses. She cited an example where the legal disposal of used PCs by banks enabled the purchasers to harvest personal data and credit card numbers which were then sold and used to defraud the banks' customers. "Look back at your processes because we may have been unknowingly legitimising cybercrime due to lack of awareness," urged Marsineh.

In Malaysia, the government plays a key role in managing cybersecurity, which in turn supports the national agenda for nation-building through digitisation and innovation. Lt. Col. Sazali Sukardi (retired), Vice President of Strategic Research, CyberSecurity Malaysia, an agency under the Ministry of Science, Technology and Innovation, Malaysia (MOSTI) explained that the National Cyber Security Policy was designed to facilitate Malaysia's move towards a knowledge-based economy. The policy was formulated based on a National Cyber Security Framework that comprises legislation and regulatory, technology, public-private cooperation, institutional, and international aspects and seeks to address risks to the Critical National Information Infrastructure (CNII) which comprises the networked information systems of ten critical sectors, such as defence and security, and banking and finance.

Along with government, effective implementation hinges on the private sector. Marsineh recommended that the public and private sectors collaborate more effectively to manage cyber risk and synergise efforts. "Collaboration must be based on trust and standards to acculturate a culture of risk, while certifying skills to ensure that a certain level of due care and diligence is in place."

Building an appropriate risk culture and skills base is imperative to manage cyber risk. It is important to move from a very reactive to a proactive attitude vis-à-vis cyber risk management and to close the gaps in analytics and risk skills, which are lacking, said O'Rourke.

Asked about the security of Malaysian financial institutions, Sazali replied that Malaysia ranks in the top ten globally for countries affected by banking malware. On the positive side, Malaysia ranks third behind the US and Canada for implementing cybersecurity initiatives. Marsineh related that a massive simulated attack on financial institutions showed that although defences were breached, those FIs involved in the exercise were prepared and able to restore operations post-attack.

Asked to share their most important takeaways, Sazali emphasised the need to keep abreast of Advanced Persistent Threats (APT) which are becoming more sophisticated and targeted, such as spear phishing attacks using financial malware which are successfully infiltrating banking networks. O'Rourke urged organisations to invest upfront in education and building awareness, which is the "best offence" against cybercrime. Stressing personal and collective responsibility, Marsineh reiterated that

> ***"all of us are targets and each of us must be responsible for cybersecurity."***

CONCURRENT SESSION 4A (SC4A)

MODERATOR
Jason Yuen Chee Mun
Partner, Advisory,
Ernst & Young Advisory
Services Sdn Bhd

SPEAKERS
Lt. Col. Sazali Sukardi (R)
Vice President Strategic Research
CyberSecurity Malaysia

SPEAKERS
Paul O'Rourke
Partner, Advisory
Asia Pacific Cyber Security Leader
Asia Pacific EY

SPEAKERS
Marsineh Jarmin
Head of Cluster, Cluster for Innovative
Management Technology (i-IMATEC)
Institut Tadbiran Awam Negara (INTAN)

IMPACT OF CLOUD AND EMERGENCE OF POST-MODERN ERP TO ORGANISATIONS

Cloud is fast changing the way in which organisations manage their ERP (enterprise resource planning) strategies.

"In the past, a typical monolithic ERP strategy was using a single vendor that includes many modules that make up ERP functions, but of which only a small subset was fully utilised by the organisation. However, now with the increasing adoption of cloud technology, a post-modern ERP strategy can become user-centric and be based on loosely-coupled applications provided by various best-of-breed vendors supporting cloud technology," explained Aimi Aizal, Chairman, SKALI Group, who moderated the concurrent session on ***Impact of Cloud and Emergence of Postmodern ERP to Organisations.***

Cloud computing is a general term for the delivery of hosted services over the Internet. It enables companies to consume computer resources as a utility, rather than having to build and maintain computing infrastructure in-house. There are three types of cloud infrastructure – public cloud, private cloud and hybrid cloud, as well as different levels of security and management required with the different types of cloud infrastructure. Organisations should choose the appropriate infrastructure according to the needs of the business, with the typical key considerations being costs, benefits, business cultural issues, risks, corporate and government standards, and security requirements to name a few.

Costs, naturally, were a key focus of the discussion.

"In determining costs, the downtime, maintenance, upgrading and internal resources need to be considered. The IT teams tend to under-estimate the total cost of ownership and primarily consider only the acquisition costs and tend to exclude the operating costs. As such, accountants and business managers need to take a step back and scrutinise the business case to truly consider the total cost of ownership in determining the cloud strategy to go for when undertaking an ERP strategy review,"

advised Kesh Mahinder Singh, President & CEO, Kollect Systems Sdn Bhd.

Moving to cloud could free up cash and optimise resources. "Cash is king!" joked Kesh. "Especially for SMEs, cash flow is key. By moving to a cloud-based ERP, there are savings to be had that year itself. In contrast, monolithic ERP investments require capex investments that need to be amortised over 3-5 years. The other factor that is also typically underestimated is the in-house competence required to administer the systems being proposed. The reality is that the in-house IT team doesn't know at that stage what it is that it doesn't know – making it harder to put a realistic number on this aspect of the cost of ownership," explained Kesh.

The security of cloud-based ERP systems is also a typical concern of C-level executives. Nonetheless, said Billy Lee Kok Chi, Chairman of the Malaysian Data Centre Alliance, "Most CIOs acknowledge that they don't have a process in place to check for unauthorised access to their in-house managed IT infrastructure! However, since cloud providers specialise in providing these commercial services, they do have to have top-notch processes and infrastructure in place to ensure security – ranging from getting independent security consultants to do regular penetration testing to ensuring actual data security by monitoring and alerting based on unauthorised access and much more."

Is cloud gaining traction? "The adoption rate of cloud is moving pretty fast now that the understanding of the technology has improved and the corresponding confidence levels have increased. We see that the big capex spenders are the early movers as they see the savings in the fixed cost investments required to cater for peak traffic. Instead they opt to pay opex for the XaaS ("X" as a service) based on their actual consumption which is dictated by their customer's needs and they then don't have the headache of figuring out how to scale to meet the variable demand," explained Lee.

What else could be done to support cloud? "It would be good if the electricity tariffs could be reduced to further reduce the cost of moving to a cloud-based solution," recommended Kesh. "That said, the government is already doing quite a bit to support the transition to cloud. As part of the MSC Malaysia Cloud Initiative (MMCI), SMEs have been given grants, in the form of hosting credits, to port standalone applications to be cloud-based."

CONCURRENT SESSION 4B (CS4B)

MODERATOR
Aimi Aizal
Chief Executive Officer
SKALI

SPEAKERS
Kesh Mahinder Singh
President & CEO
Kollect Systems Sdn Bhd

SPEAKERS
Billy Lee Kok Chi
Chairman of the Malaysian Data Centre Alliance

OPPORTUNITIES BEYOND NUMBERS

The case for Big Data is growing as companies recognise its value-creating potential, leading to cost reductions and better decision making. Moderated by Nickson Choo, Director, Risk Consulting, Deloitte Malaysia, Concurrent Session 4C ***Opportunities Beyond Numbers*** opened with real-life cases about how the application of Big Data resulted in significant cost savings for supermarket chain Tesco, detected fraudulent claims in an insurance company, helped optimise fleet management services, and assisted in public health monitoring. But the necessary structures will have to be in place to ensure the optimisation of its utility.

Malaysia was one of the few countries which has a Big Data framework, Ir Dr Karl Ng, Director, Innovation Capital Division, Multimedia Development Corporation (MDeC) stated. "MDeC is working on building a talent pool and other aspects of Big Data development," he said. But are accountants a part of the Big Data network, and how well can they fit in? "Companies struggle because they don't have the required skill sets," he continued. "We see this when we consider the "Data Scientists" – a position that has only recently developed. Data Scientists look at data across the company, and perform data analytics to determine what is happening. Since they are required to apply both predictive and prescriptive analysis, they need skills like logical thinking, mathematics and analytic ability – all of which accountants have been trained in."

Agreeing with Ng, Simon Lindley, Head, Business Analytics, Singapore added that accountants actually have an advantage over others because they are rooted in numbers. "Big Data is the extreme end of analytics," he explained. "Accountants can learn to do a lot with the right skills, building on analytics." Data can be derived from a myriad of channels, including tweets, and when correctly applied, can be used to determine trends and market sentiments, which are important to keeping abreast of industry developments, among other things, as these can help companies anticipate and assess impacts on the business. While Big Data can be applied towards reducing costs in the business, it incurs no significant cost itself, Lindley said, although what will incur cost is the higher level of expertise needed to analyse it.

But again, this is where accountants come in. With their training and more advanced analytical skills, they can easily expand into this area. However, anyone taking on Big Data needs to proceed with caution, as there are ways to manipulate it. "There are two ways that data can be misused," warned Patrick McPhee, Director, Baker Tilly MH. "It can be used to make the books look good, or to hide something that has been done." Either way invites fraud. Ng agreed, adding,

> ***"When you do data-driven work, you often play around with probabilities and things that may happen. You make predictions using multiple datasets. It increases the accuracy of your model but it can also be misused."***

While Big Data often gives a clearer picture of what is happening, it can be manipulated.

Nevertheless, the rise of Big Data has spurred other developments, among them a higher profile for actuarial science, a greater demand for staff with analytical skills, the emergence of Data Incubators and a jump in the number of data scientists. It has been estimated that by 2018, about 400,000 data scientists will be required globally. "There has been a concerted drive to automate because of the difficulty of getting people who know how to analyse," Lindley said. "But this has given rise to another big risk: if you apply Big Data tools without understanding the extent of what they do, things can go wrong." Ng cautioned about invasion of privacy and correct use of data. "First, protect the data," he said. "Be constantly aware of what is happening. Use the technology to protect yourself."

CONCURRENT SESSION 4C (SC4C)

MODERATOR
Nickson Choo
Director Risk Consulting
Deloitte Enterprise Risk
Services Sdn Bhd

SPEAKERS
Simon Lindley
Head, Business
Analytics Singapore

SPEAKERS
Patrick McPhee
Director
Baker Tilly MH

SPEAKERS
Ir Dr Karl Ng Kah Hou
Director of Innovation Capital
Multimedia Development Corporation
(MDeC)

POST-IMPLEMENTATION OF GST: MANAGING ISSUES AND CHALLENGES

Six months into implementation, GST's complications still present challenges and require clarification on many fronts, according to Plenary Session 3 on ***Post-Implementation of GST: Managing Issues and Challenges,*** moderated by Fennie Lim, Executive Director, Crowe Horwath KL Tax Sdn Bhd.

Since the implementation of GST, the property industry which is a key affected sector had slowed. "There has been a decline in purchases of industrial and commercial properties because these are not exempted from GST," Datuk Ng Seing Liong, Patron and Past President, REHDA, explained. "In addition, there are other fees and charges, which have affected transactions. Developers have had to absorb costs in some cases." He urged the government to reduce or abolish GST on construction materials like cement and steel bars which were basic necessities used in low-cost housing and high-end developments alike.

Speaking on the major issue of refunds, Dato' Subromaniam Tholasy, Deputy Director-General (Customs/GST), Royal Malaysian Customs Department, conceded that the 14-Day Refund Rule was an ambitious one and from the beginning had been close to impossible to adhere to. "In the first month, only about 20% of refunds were made in 14 days. In May, it was 30% but this dropped a little in June. However, in August, almost 60% of the refunds were made within 14 days – this is something we are proud of. Malaysia may be able to touch 90% in a few months. In our consultations with our Singapore counterparts, even they admitted they have not achieved this."

Elaborating on why refunds were not being made on time, he said that some claims had raised suspicions. Also, a significant number of taxpayers had been found to have filed incorrectly, but the situation is improving.

"There has been more engagement between Customs and the public," he said. "This is a positive thing. In fact, submissions exceeded 90% in the first month. We can expect the refund period to get shorter."

To a question on whether Customs will penalise businesses which make mistakes when filing during the transitional period, he clarified, "There is no two-year 'grace period' but Customs will not penalise tax payers. We will not be too hard on people who make mistakes but taxes will have to be paid," he stressed. He added that all late payments are subject to fines, although no litigation will be carried out. Lim reiterated that although there was no 'black & white' about a leniency period, Customs would review on a case-by-case basis.

Discussing the matter of voluntary disclosure, Raja Kumaran, Executive Director, PricewaterhouseCoopers Taxation Services Sdn Bhd, enquired if there would be a provision for this in the GST Act in the future. "This is a good idea which has been deliberated before," Tholasy responded. "If you realise certain errors have been made, the law allows you to correct the errors." Complications arising from recovery were discussed, as was reimbursement to foreigners, and if rental income from properties exceeding a certain level was exempt from GST.

Tholasy divulged that there have been guideline changes, particularly in the treatment of high-value commercial property. He also addressed questions on GST applicable to Directors' Fees, and how to differentiate between contract of service and contract for service. On the issue of bad debt relief and what was considered 'sufficient effort,' he said that amounts not received six months after invoicing were subject to input tax, and that a letter or e-mail to collect the amount would be considered 'sufficient effort.' Stressing that the issue was proper tracking by date, letter and accounting software, he said, "People should not want to delay bad debt relief. You must claim it within 30 days by notifying Customs and having it recorded. We want to facilitate business, so please claim!"

GST was introduced to reform the business tax structure and make the economy more competitive and transparent. "It's not about burdening anyone," he emphasised. "We aim to collect RM27 billion by December 2015; RM26 billion has already been collected. Audit and enforcement activities are ongoing because not everyone is registered when they should be. It is time to enforce the law to increase compliance."

PLENARY SESSION 3 (PS3)

MODERATOR
Fennie Lim
Executive Director
Crowe Horwarth KL Tax Sdn Bhd

SPEAKERS
YBhg Dato' Subromaniam Tholasy
Deputy Director General of Customs (CUSTOMS/GST), Royal Malaysian Customs Department

SPEAKERS
Raja Kumaran
Executive Director
PricewaterhouseCoopers Taxation Services Sdn Bhd

SPEAKERS
YBhg Datuk Ng Seing Liong
Chairman, GST Task Force
Real Estate and Housing Developers' Association Malaysia (REHDA)

THROUGH THE LENS OF THE IRON LADY

Tan Sri Rafidah Aziz, former Minister of International Trade and Industry, and currently the Chairman of AirAsia X, did not need an introduction in Plenary 4 ***Through the Lens of the Iron Lady***. In her inimitable style, she swept up to the microphone and launched right into her perspective of the Asean Economic Community (AEC), covering its long gestation period – in which she played a pivotal role – and the role of accountants today in this regional organisation.

Touching on its history, she explained that the AEC was conceptualised as the ASEAN Free Trade Area in 1995; its first members were six ASEAN countries but these were soon followed by another four. "ASEAN is comprised of several communities like the ASEAN Socio-Cultural Community and the Political Security Community but the AEC is the main driver because it is relevant to growth and the global community at large," she said.

In ASEAN, the thrust is for business, so the focus is on commerce, the liberalisation of trade and bringing down barriers and tariffs. "It's easy to concentrate on goods because you can quickly identify the changes made," she remarked. She also cautioned that amid the moves to liberalise and harmonise, there were many shortcomings because of the diversity of peoples – and by extension, the diversity of their needs – of ASEAN. Each country in ASEAN is at a different stage of development; at least one can be considered a First World Economy, while others, like Myanmar and Laos, are still struggling with getting their economies back on track after suffering extended periods of internal unrest.

She pointed out that these different levels of development have led to disparities in capacity and a lack of uniformity that could impede harmonisation and liberalisation efforts. "Even if the various country representatives can agree at the discussion table, they still have to go back and convince their respective governments to get with the programme – and they can't always make that happen," she admitted. "There are bureaucratic constraints, and not every government has the same priorities. All this affects the ability to develop cohesive, effective programmes that can benefit all ASEAN countries across the board." However, during her tenure, one of the measures was to suggest a timeline for building the domestic capacity of certain countries.

But even with these efforts, many ASEAN countries still lag behind, and are slow to change the regulations that could help them develop. "In the services sector, opening up has not happened on a mutual basis," she continued. "Not all countries opened up at the same time – although the banking and finance-related sectors opened up quite fast." She also spoke of the negotiations regarding mutual recognition agreements (MRAs), and using the highest common denominator possible as benchmarks, especially in the fields of nursing and accounting. "This was to ensure that all ASEAN countries could attain the same level of skill and ability in these industries," she explained. "Ultimately, this would enable cross-ASEAN service collaboration among countries in the region."

The end-game was not limited to ASEAN though. Liberalisation was undertaken with the intention of extending necessary services across the whole of Asia, and to be able to offer services and standards that were acceptable to a wide range of Asian industries as well. "The key issues in this region are education, licensing, demonstration of skills and experience," said Rafidah.

"We have always encouraged ASEAN countries to set standards that others will follow. The MRAs serve a good purpose; they ensure standards and equitable market share, and remove undue constraints to market access. The private sector should consult or engage with government to find new markets – but don't expect the government to do everything for you! Malaysian businesses have to be serious about this. Do your homework and identify your potential."

PLENARY SESSION 4 (PS4)

YBhg Tan Sri Rafidah Aziz
Former Minister of International Trade & Industry, Malaysia

LUCKY DRAW SESSION

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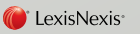

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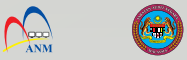

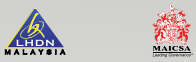

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