

24 September 2014

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Imperative to understand laws beyond borders, says Maybank

Maybank Group President & CEO, Datuk Abdul Farid Alias has said that it is imperative for Malaysian companies, whether operating in the domestic market or expanding abroad to understand how foreign laws can impact them.

“The law now permeates practically everything we do. And lawyers must take this into account when supporting their organisations and structuring their plans and strategies. This is critical as many of us are already operating or have plans to operate in this region, more so with the impending formalisation of the Asean Economic Community (AEC) from 2015,” he said at the inaugural Maybank Law Conference held in Menara Maybank, Kuala Lumpur recently.

The conference themed “Beyond Domestic Laws” saw the attendance of more than 250 participants from the legal fraternity, including legal and regulatory officers of Government Linked companies and other corporate companies, as well as Maybank staff and its Group in-house counsel teams.

The conference was officiated by YB Puan Hajah Nancy Shukri, Minister in the Prime Minister’s Department and saw more than 20 speakers from renowned legal firms such as Clifford Chance, Baker & McKenzie, Wong & Leow and Wong & Partners, Rahmat Lim & Partners, Allen & Gledhill and Zicolaw who shared their perspectives on legal issues in relation to doing cross border business.

Datuk Abdul Farid said Maybank’s own experience in regional expansion over the years has given it a deeper understanding of the complexities of doing business in the global environment, particularly in navigating through the different legal frameworks.

“Compliance with regulations is a necessity, and companies having strong regulatory and risk management practices retain a competitive advantage over those who do not possess them, “ he said. “But it has also become evident that there is more than just compliance to rules these days. Increasingly, we find that other rules or laws are applicable to us, even from outside where we live or operate. A good example of this is the US Foreign Account Tax Compliance Act or FATCA, which has far reaching consequences.”

Meanwhile, YB Hajah Nancy Shukri, in her speech said, “It is inspiring to note that Maybank has decided to do something unconventional and explore laws ‘beyond our territory’. I commend Maybank’s forward thinking approach and its swift realisation that the world of business and banking have fast evolved beyond boundaries.

Globalisation and the advancement in Information Technology have contributed to the broad development of cross-border banking as the banking industry is converging to allow global and local banks to gain from this lucrative sector.”

She added that it is an advantage to know the laws and practices of other jurisdictions, given the significant difference in terms of institutional structure, regulatory framework, the role of the public sector, and the types of competition prevalent in each market.

“It is equally important to equip ourselves with sufficient knowledge of local laws and practices as well as our own economic and social environment as well as market condition,” she said.

“2015 is set to usher in the ASEAN Economic Community (AEC) where a whole new era of integration and liberalisation for the ASEAN region is expected to take off. Though the AEC is still an on-going effort, the point is it aims to integrate ten highly distinct markets into a massive single market of over 600 million people. With this, there lies abundance of opportunity for trade, economic and business growth through the mechanism of cross-border banking,” she continued.

“With additional windows of opportunity there are increased risks too. There are numerous challenges ahead of us as we steer towards realising the liberalisation of the financial sector in this region. The important lesson learnt from the 2008 credit crunch will tell us that it is imperative that national authorities are sanctioned with adequate legal tools and cooperative arrangements in responding to bank failures, both of large, systemic financial institutions and smaller ones,” she added.

Among the topics presented at the 1-day conference were on “Most Extreme Extraterritorial Laws”, “New Regulatory Challenges and Opportunities for the Financial Sector in ASEAN”, and “Dealing with ASEAN’s various Legal Systems”.
