

Comments on Budget 2023 by Dato' Khairussaleh Ramli, Group President & CEO of Maybank & Chairman of The Association of Banks in Malaysia (ABM)

Budget 2023 seeks to balance the need for sustained domestic growth amidst global economic headwinds while ensuring fiscal prudence given current volatility seen in financial and currency markets.

We welcome budget allocations, tax incentives and fiscal measures that support domestic economic growth and are channelled towards themes of inclusivity, equality, sustainability, security and building resilience, which applies to all segments of society and business sectors. Such incentives and measures are demonstrated through the two percentage points reduction in personal and SME income tax rates; the enhancements in financial assistance and welfare payments to lower income and vulnerable groups; re-building of retirement and voluntary savings; strengthening of food and social security; acceleration of tourism industry recovery; making home ownership affordable; improving essential public services like healthcare and education and improving preparedness, responses and mitigations to natural disasters.

Other measures that help continue to build the nation' and people's resiliency include the incentivising of human capital development and job creations; prioritisation of rural areas and less developed states; continued support rendered to micro-enterprises and SMEs including for sustainability transition; and attracting high-impact and high-quality investments in areas like electronics, medical devices, aerospace, chemicals, digital infrastructure, renewable energy and green technology.

Equally important is that Budget 2023 lays the foundations for fiscal reforms, starting with the shift to targeted subsidies. This must be complemented by sustainable revenue sources to reduce dependence on volatile commodity-related incomes and one-off tax revenues as seen in 2022.

Budget 2023 also highlights the latest measures that will be adopted by the banks in Malaysia to combat financial scams as announced recently by Bank Negara Malaysia, which the banks are fully committed to. This includes the migration from SMS One Time Password to more secure authentication method for certain transactions including fund transfers and payments, change of personal information and account settings. Banks will also have 24/7 dedicated complaint channel/hotline for customer to report incidents of scam/fraud. On top of this, a National Scam Response Centre involving PDRM, BNM, MCMC and the financial institutions will be launched soon. We also welcome the added spend under Budget 2023 to strengthen detection and reporting of cyber threat including the building of cyber forensic capabilities.

We also support the continued emphasis to drive the ESG and climate change agenda under Budget 2023, which is a key agenda for the Malaysian financial sector. ABM members have already agreed on a set of seven broad ESG principles for the Malaysian banking industry. This includes the commitment to achieve Carbon Net Zero across the entire business and financed customer portfolio, incorporate ESG into governance and risk management, as well as the commitment to identify, mitigate and manage risks of modern slavery and human rights across the supply chain.
