



MINORITY SHAREHOLDER WATCHDOG GROUP
Shareholder Activism and Protection of Minority Interest
BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD
(Incorporated in Malaysia • Company No : 524989-M)

MSWG COMMENTS ON TRANSFORMING THE FINANCIAL SERVICES INDUSTRY TRAINING LANDSCAPE

Recommendation 1:

A Financial Services Education Centre (FSEC) will be formed to provide a platform for a coordinated collaborative approach to human capital development in the financial services industry.

MSWG Response:

It is a good idea to form the FSEC that will serve all those market players and participants who have an interest in the financial services industry. Many are engaged in this industry whether in merchant or investment banks, in the capital markets or in the advisory services and practising professions. Many more will become involved in the financial services industry from time to time, or will be faced on occasion with a wide range of business activities including the financial services issues at any level, which the FSEC is intended to serve all of them and others. Such a centre will be good for educating market players on the benefits of competition in the financial services sector.

Recommendation 2:

The FSEC will be governed by a Board of Directors (the Board) and managed by an Executive Director (ED). An Executive Committee, comprising the Executive Director and CEOs of training institutes, will be formed to ensure the effective execution of training strategies, plans and programmes decided by the Board of Directors.

MSWG Response:

The Board of Directors and the Executive Director must understand the needs of the market players and participants in order to manage the FSEC effectively. They must have a clear focus and objectives of the FSEC, and understand the requirements/expectations of the market players and participants engaged in the financial services industry. Their duties and responsibilities need to be specific and how they are to carry out their work through the Executive Committee to meet the needs of those with other management responsibilities in the financial services industry counts.

Recommendation 3:

The FSEC, through the Executive Committee, will provide the platform to facilitate the coordination of common programmes provided by the training institutes. In addition, the FSEC will have the responsibility for developing cross-cutting programmes, including flagship programmes, to meet evolving industry needs.

MSWG Response:

It is important for the training institutes to closely coordinate the activities and programmes carried out by the FSEC so that they do not overlap on a wide range of issues, specifically on the financial services matters which are entrusted to the FSEC to meet evolving industry needs. This is necessary in order for the FSEC to be accepted, established and recognized as the solid foundation and platform for the setting of standards and best practice in the industry as a whole through the FSEC's involvement with education and training.

Recommendation 4:

The FSEC, together with the training institutes, will identify and implement solutions in areas of training that are not adequately addressed.

MSWG Response:

The FSEC together with the training institutes need to share activities and output in the best ways to coordinate the areas of training and involvement in the financial services industry, be it mergers and acquisitions, new issues, treasury management, corporate and investment banking, venture capital, development capital and corporate governance developments. They should meet and look at key issues they encounter and to give their views on matters that the FSEC is in a better position to address effectively.

Recommendation 5:

The FSEC will develop and implement a quality assurance framework to ensure high standards in the content and delivery of cutting-edge programmes.

MSWG Response:

In this direction, the FSEC together with the training institutes must work closely in a number of respects through consultation on the standards and contents of the education and training programmes to ensure that they include those elements which are desirable – quality and relevance for those going on to engage, involve and participate in the financial services industry. How the FSEC together with the training institutes would consider to co-produce a series of courses and conferences as part of the FSEC’s regular programmes has to be decided properly. There are also opportunities for the FSEC to network with professional bodies, other relevant organizations, specialists and service providers through meetings and other events to consider related subjects for its education and training programmes.

Recommendation 6:

The FSEC will undertake and oversee research that will contribute to the enhancement of the quality of programmes provided by the FSEC and the training institutes, and the development of case studies.

MSWG Response:

It is a good idea for the FSEC to undertake and oversee research that will specifically target at financial services issues as an integral part to enhance the quality of its programmes. They may also consider publications which contain items of topical interest concerning legal, regulatory and technical developments, as well as occasional series of case studies of particular issues together with occasional workshops, seminars and lectures which are of interest to those wishing for a greater depth of knowledge in the financial services industry.

Recommendation 7:

The FSEC will implement a comprehensive Learning Management System (LMS) to ensure efficiency and effectiveness.

MSWG Response:

The main aims of the FSEC are to promote continuing learning in the financial services industry, to be a centre of excellence for and of services to market players and participants, and to act as a leading centre on financial services issues within the industry as a whole. There is currently non single authority on education and training for financial services matters. The individual training institutes do not cover the whole range of financial services activity. It is anticipated that through LMS, the FSEC will become increasingly identified with the setting of standards and best practice in every aspect of financial services industry as a whole.

Recommendation 8:

The conglomerate will operate under an open-institute concept, where the FSEC and the component training institutes will be encouraged to share facilities between them.

MSWG Response:

It is a good idea to operate under an open-institute concept. However, the FSEC must retain a strong sense of focus but yet to enjoy a range of advisory work and support services as well as sharing facilities between the component training institutes.

Recommendation 9:

The establishment, operations and management of the cross-cutting programmes of the FSEC will be funded by BNM and SC. A dedicated fund for research will be established.

MSWG Response:

How Bank Negara Malaysia (BNM) and Securities Commission (SC) will share out the funding needs of the FSEC will need to be worked out fairly between them. There must be economies of scale and operations which are important to keep funding costs low while maintain competitiveness and efficiency for the cross-cutting programmes carried out by the FSEC.

Recommendation 10:

Funding to improve and maintain training quality standards at the training institutes will be jointly raised by the institute from the regulator and industry, as necessary. This type of funding could be in the form of fixed term debt, either through a soft loan or zero-coupon bonds.

MSWG Response:

In the concept paper, it is stated that financial institutions in Malaysia spend an average of RM1,600 per employee which is marginally lower than large multinational financial institutions. Financial institutions in Malaysia, therefore, do recognize the importance of investing in human capital to boost and maintain high performance levels.

The FSEC has a role of central importance in establishing itself an integrated centre, working closely and in a proactive way with the component training institutes while retaining a special responsibility for monitoring and control approach to human capital development in the financial services industry. It can become an umbrella organization for the training institutes as well as those involved in the financial services industry. The key issue is how the FSEC is to make effective will depend the financial institutions' support and those who are involved in the industry. The BNM and SC both have the power and influence to make the FSEC work, and see to its appropriate funding until it attains its viability and veracity. In this way, the type of funding can then be decided so that the FSEC is in a certain position to gain its credibility and pay for its sustainability.