

ATLAS
BY BNP PARIBAS

CASH MANAGEMENT
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BNP PARIBAS

The bank
for a changing
world

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With a population of 34 million and a forecasted GDP of $444bn in 2025, Malaysia is a medium?sized, open economy characterised by export diversification—including electronics, commodities, and emerging digital services—and moderate income per capita. Malaysia runs a negative NIIP, although recent data are less clear; the external position benefits from resilient FDI inflows and structural competitiveness.

Public debt in Malaysia rose steadily to 64.6?percent of GDP by the end of 2024, above its long?term average (~56.9?percent) and exceeding the ASEAN benchmark (51.7?percent). Interest costs remain manageable, and fiscal credibility is maintained through ongoing reforms aimed at expenditure rationalisation and revenue mobilisation, including adjustments to subsidies and tax rates in 2023.

Malaysia exited excessive deficit procedures long ago and delivered comparatively stable economic growth: 5.2?percent in the first three quarters of 2024, up from 3.6?percent in 2023, supported by robust domestic activity and export performance. Growth forecasts remain resilient at around 4.4?percent in 2025 and 2026, although some moderation is expected as external demand slows.

Summary

BNP Paribas presence

BNP Paribas has been present in Malaysia since 1974, with 50 employees based in the country. It is one of only a few international banks to hold a full commercial license, which it obtained in 2010. The bank caters for the domestic and international cash management and trade finance requirements of both foreign companies doing business in Malaysia and Malaysian entities seeking to expand their international focus. BNP Paribas Malaysia is also the bank's Islamic banking hub for Asia Pacific.

BNP Paribas is a major player in trade finance throughout Asia, offering a full suite of traditional trade (letters of credit, bankers’ guarantee, trade financing, standby letters of credit, etc.) and supply chain financing solutions (receivables purchase programmes, supplier financing etc.) products, including a unique inventory solution offered through its trade centres in Australia, China, Japan and Singapore, specifically for companies engaged in international trade, as part of a wider network of more than 100 trade centres globally. BNP Paribas has experienced trade finance advisors and personnel who deliver a range of customised trade solutions and advise on local market practices. These solutions are supported by the bank's ISO-certified trade services support team.

Currency

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- Malaysian ringgit (MYR)

Exchange rates

	2016	2017	2018	2019	2020
Exchange rate: MYR per USD	4.1483	4.3005	4.035	4.142	4.20

Source: IMF, International Financial Statistics, June 2021.

Central Bank

- The Malaysian central bank is Bank Negara Malaysia (BNM - www.bnm.gov.my).

Bank supervision

- The Malaysian banking sector is supervised by the BNM.

Bank accounts

Resident / non-resident status

- A company is considered resident in Malaysia if it is incorporated in Malaysia, registered in the country or if its place of management and control is in Malaysia.

Bank accounts for resident entities

	Within MALAYSIA	Outside MALAYSIA

Local Currency	Permitted without restriction, convertible with BNM approval for certain transactions.	Not permitted
Foreign Currency	Permitted without restriction, convertible	Permitted without restriction, convertible

Bank accounts for non-resident entities

	Within MALAYSIA	Outside MALAYSIA
Local Currency	Permitted without restriction, convertible with restrictions	Not permitted
Foreign Currency	Permitted without restriction, convertible with restrictions	Not applicable

Lifting fees

- Lifting fees are not applied on payments between resident and non-resident accounts.

BNP Paribas Cash Management Capabilities

Collections

Cash collections	✓
Cheque collections	✓
Direct debit collections	
Domestic incoming transfers	✓
Virtual IBAN	
Virtual accounts	✓

International incoming transfers	✓
Card acquiring	✓

Payments

Cash withdrawals	✓
Cheque payments	✓
Direct debit payments	✓
Domestic outgoing transfers	✓
Commercial cards	
Virtual cards	✓
International outgoing transfers	✓
SWIFT gpi	
Real-time international payments through BNP Paribas' network	
Card issuing	

Channels

Local e-Banking	
Global e-Banking - Connexis	✓
SWIFT/ host to host	✓

Market overview

Traditional payment methods are on the decline in Malaysia as electronic payments, particularly card payments, rise. According to figures from a MasterCard Impact Study 2020, Malaysia leads Southeast Asia in e-wallet use, with 40% take-up compared to 36% in the Philippines. e-wallet transactions in the first ten months of 2020 reached MYR 23.5 billion, up 30% on 2019. e-wallets' market share of digital transactions rose by 5% to 13% during the same period.GrabPay, Boost and Touch 'n Go are leading e-wallet providers. Mobile wallet transactions rose 171% in 2020.

The government has introduced a number of initiatives to encourage the migration to electronic payments. In December 2020, the central bank issued its digital banking framework and is expected to beginning issuing licences through 2021.

Electronic banking services are available from all banks. There is no national electronic banking standard in Malaysia, so companies use bank's proprietary systems. The multibank internet-based payment platform, Financial Process Exchange (FPX), works with banks' individual proprietary systems.

Online and mobile banking services are provided by 30 and 18 banks respectively. At the end of April 2021, there were 114.7 million mobile banking transactions (69.3 million in April 2020), with a value of MYR 63,979 billion (MYR 23,766.9 billion April 2020). The total number of internet banking transactions was 160.5 million (119.8 million in April 2020), with a value of MYR 857.0 billion (MYR 671 billion in April 2020). As of April 2021, the penetration rates for internet and mobile banking were 115.9% and 65.9% respectively.

Payment Systems

RENTAS	Type	• Real-time gross settlement.
	Participants	• 69 direct.
	Transaction types processed	• RENTAS consists of two components: • Interbank Funds Transfer System (IFTS): high-value and urgent MYR-denominated and foreign currency payments (MYR/USA PVP payments via USD CHATS). • Scripless Securities Trading System (SSTS): securities trades. • Net obligations from Malaysia's other payment systems.

	Operating hours	• 08:00-18:00 MYT, Monday to Friday. • 08:00-13:00 MYT, Saturday.
	Clearing cycle details (e.g. cut-off times)	• Payments are cleared and settled in real time. • Cut-off time = 18:00 MYT.
	System holidays	• RENTAS is closed on all Malaysian bank holidays. • Malaysia's bank holidays are: • 2nd half 2021: — July 20*, August 10*, 31, September 9, 16, October 29*, November 5*, December 25 • 2022 — January 1, 17, February 1*, 2*, April 18, May 2, 3, 16*, June 6, July 9*, 30*, August 31*, September 16, October 8*, 26*, December 26 ** The date shown may vary by plus or minus one day. These dates are derived by converting from a non-Gregorian calendar (e.g., Muslim or Hindu) to the Gregorian calendar. Some of these dates cannot be determined in advance with absolute accuracy, even by the governing authorities. In the case of Muslim dates in particular, the feast days are determined by the sighting of a new/full moon.*
IBG	Type	• Net settlement system.
	Participants	• 42 banks.
	Transaction types processed	• Low-value electronic payments.
	Operating hours	• See Clearing cycle details.
	Clearing cycle details (e.g. cut-off times)	• Payments can be settled on a same-day basis. • Monday to Friday cut-off time = 17:00 MYT. • Saturday cut-off time = 09:00 MYT. • Final settlement takes place via RENTAS.
	System holidays	• IBG is closed on Malaysian bank holidays. (Dates as above)
eSPICK	Type	• Net settlement system.
	Participants	• 45 direct.
	Transaction types processed	• Cheques and paper-based payments which are truncated into electronic items before being processed.
	Operating hours	• 08:30-21:00, MYT Monday to Friday.

	Clearing cycle details (e.g. cut off times)	• Payments submitted to eSPICK before 16:00 MYT are settled on a same-day basis. • Individual banks set their own cut-off times. • Final settlement takes place via RENTAS. • Funds are available on a next-day basis.
	System holidays	• eSPICK is closed on Malaysian holidays. (Dates as above)

Credit transfers

- Credit transfers are used by large companies to pay salaries and suppliers, and to make tax and treasury payments.
- High-value and urgent credit transfers can be settled in real time via the IFTS component of RENTAS. MYR/USD PVP settlement is facilitated via USD CHATS.
- Low-value and non-urgent credit transfers can be settled on a same-day basis via the IBG.
- Credit transfers can also be made in real-time via Instant Transfer (IBFT). Payments can be made via ATM, online or by mobile and are processed directly between the 20 banks that currently offer the service.
- Cross-border transfers can be made via SWIFT and settled through correspondent banks abroad.

Direct debits

- Direct debits are used for regular payments, such as utility bills, but are also available for one-off retail transactions.
- PayNet Debits and FPX online direct debits available. There is also a JomPAY electronic bill payment scheme operated by PayNet. There are 42 participating banks in JomPAY.
- Direct debits are cleared on a real-time basis.

Cheques

- The cheque remains a common cashless payment instrument used by both consumers and companies. In 2020, PayNet processed 84.5 million cheque transactions (a 29.5% reduction from 2019) amounting to MYR 1.46 trillion.
- Cheques are truncated into electronic items before being processed by eSPICK.
- Final settlement takes place via RENTAS.
- Funds are available on a same-day or next-day basis.

Card payments

- Card payments are increasingly popular, especially for retail transactions. Credit cards remain the most widely used payment card. At the end of April 2021, there were 46.7 million credit card transactions (26.4 million in April 2020), with a value of MYR 11.7 billion (MYR 6.2 billion in April 2020). Debit card transactions numbered 59.8 million (26.5 million in April 2021), with a value of MYR 6.9 billion (MYR 2.7 billion in April 2020). All debit cards support contactless payments.
- There are 47,290.6 thousand debit and 9,641.4 thousand credit cards in circulation at the end of April 2021. There were 65,000 charge cards.
- Visa and MasterCard-branded payment cards are the most widely issued. Twenty-five banks issue credit cards and 30 banks issue debit cards.
- Domestically issued debit cards, known as e-debits, are also widely available. MyDebit is the domestic debit card scheme, facilitating POS payments with an ATM card.
- PayNet payments are settled in real time.
- All cards issued have EMV chips.

ATM/POS

- There are an estimated 19,000 ATMs in Malaysia.
- There were 739,043 POS terminals in Malaysia at the end of April 2021.
- There are two shared ATM networks: SAN and HOUSe. Fourteen domestic banks seven foreign banks participate in SAN.
- The HOUSe ATM network links the ATMs of four large foreign banks: HSBC, OCBC, Standard Chartered and United Overseas Bank.
- Payments are processed by PayNet and settled via RENTAS on a next-day basis.
- All ATMs and POS terminals are EMV-compliant.
- Malaysia had fully migrated from signature to Personal Identification Number (PIN) verification for payment card transactions conducted at POS terminals.

Electronic wallet

- There are 48 non-bank providers of e-money cards.
- The dominant electronic wallet schemes are Touch ‘n Go, Boost and GrabPay.
- In 2019, there were 2,093 million e-money transactions (1,920 million in 2018) with a value of MYR 18.2 billion (MYR 11 billion 2018). There were 93.5 million e-money cards in circulation at the end of 2019.
- There are approximately 119,467.6 thousand e-money cards in circulation.
- Mobile payments are increasingly popular. PayNet’s DuitNow QR is the national QR standard.

- Instant P2P payments can be made via PayNet's DuitNow using just a mobile number, for example. Payments are made in real time via PayNet's real-time retail payment platform. Consumers may transfer up to MYR 50,000 per transaction. For companies the maximum is MYR 10 million per transaction.
- The FPX payment system can be used to facilitate online transactions and e-commerce purchases. For individuals, the maximum value of each transaction in MYR 30,000 and for companies MYR 1 million.

Short term investments

Market overview

Interest payable on credit balances

- Current accounts are typically non-interest bearing, although some banks do offer interest-bearing current accounts, subject to conditions.

Demand deposits

- Demand deposits denominated in MYR or major foreign currencies are available for terms up to 60 months.

Time deposits

- Time deposits are available in MYR or major foreign currencies for terms up to 60 months.

Certificates of deposit

- Domestic banks issue certificates of deposit with terms ranging from one month to one year. They can be issued paying fixed or variable interest.

Treasury (government) bills

- The BNM issues both conventional and Islamic finance Treasury bills for terms of three, six and 12 months.
- The BNM also issues monetary notes (BNMNs) with terms up to three years.

Commercial paper

- Domestic commercial paper is issued by companies. Most paper is issued for one month, although terms up to 12 months are permitted.

Money market funds

- Money market funds are available as conventional and Islamic (sharia-compliant) short-term investment instruments.

Repurchase agreements

- Repurchase agreements are available with maturities ranging from one day to five years.

Banker's acceptances

- Banker’s acceptances are widely available in Malaysia, with terms ranging from 21 to 365 days.

BNP Paribas Trade Finance Capabilities

Trade payments

Documentary credits	✓
Documentary collections	✓

Guarantees

Bank guarantees	✓
Standby letters of credit	✓

Supply chain management

Receivables	✓
Payables	✓
Inventory	

Trade channels

Connexis Trade	✓
Connexis Supply Chain	✓
SWIFTNet Trade for Corporates	
Connexis Connect	✓
Connexis Guarantee	
SWIFTnet Supply Chain	

- BNP Paribas' Global Trade Solutions (GTS) team in Malaysia comprises a senior trade manager and plans are in place to further expand capabilities in the country. The team, supported by regional trade advisors in Hong Kong, serves some of the largest names in the manufacturing and mining sectors.

International trade

General trade rules

- As a member of the Association of Southeast Asian Nations (ASEAN), Malaysia has entered into the ASEAN Trade in Goods Agreement (ATIGA) between member states (Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam). Malaysia is also a member of the ASEAN Free Trade Area (AFTA) and is committed to reducing and eliminating tariffs between members.
- As a member of the Asia-Pacific Economic Cooperation (APEC) forum, Malaysia has agreed to liberalise trade and investment rules between members.

- As a signatory to the D-8 Preferential Tariff Agreement, Malaysia has agreed to reduce tariffs on trade between member states (Bangladesh, Indonesia, Iran, Malaysia, Egypt, Nigeria, Pakistan and Turkey).
- Malaysia is a signatory to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). Malaysia has not yet ratified the agreement.

Trade agreements

- Malaysia has signed free trade agreements (FTAs) with Australia, Chile, India, Japan, New Zealand, Turkey and Pakistan.
- ASEAN has signed FTAs with Australia, China, Japan, India, Hong Kong, New Zealand and South Korea.
- Malaysia and ten other Pacific Rim countries have signed the renamed Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). The agreement has not yet been ratified.
- Malaysia is a signatory of the Regional Comprehensive Economic Partnership (RECP). The agreement has not yet been ratified.
- Malaysia is currently in negotiations with EFTA member states.

Imports / exports

Imports	Integrated circuits	Refined petroleum	Crude petroleum	Broadcasting equipment	Coal	
Primary Import sources	China (24.0%)	Singapore (14.0%)	Japan (6.0%)	USA (6.0%)	Taiwan (5.0%)	Thailand (5.0%)
Exports	Integrated circuits	Palm oil	Refined petroleum	Natural gas	Semiconductors	
Export markets	Singapore (13.0%)	China (13.0%)	USA (11.0%)	Hong Kong (6.0%)	Thailand (5.0%)	

Import / export volumes

	2016	2017	2018	2019	2020

- goods USD m	165,520	186,586	205,655	196,840	185,514	
- services USD m	35,601	37,116	40,231	40,991	21,859	
- goods USD m	140,986	159,270	177,230	167,057	152,307	
- services USD m	40,145	42,444	44,231	43,624	33,283	
Current account as % GDP	2.4	2.9	2.5	3.4	NA	

Sources: IMF, International Financial Statistics, June 2021.



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