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Exploit FPX Full Potential, Says Dr Zeti



Tan Sri Dr Zeti Akhtar Aziz

KUALA LUMPUR, Oct 28 (Bernama) -- Bank Negara Malaysia (BNM) strongly encourages all banking institutions and users to participate in the newly launched Financial Process Exchange (FPX) in order to exploit its full potential.

Its governor Tan Sri Dr Zeti Akhtar Aziz said that in the quest for efficiency in the nation's payment systems, an essential task for the banking industry is to strengthen the focus on meeting the specific demands of the consumers, and at the same time, forging alliances in common infrastructure building.

The FPX is a right step forward in this direction, she said in her speech at the official launch of FPX by Malaysian Electronic Payment System (1997)

Sdn Bhd (MEPS) here, Thursday.

Dr Zeti said that FPX leverages on the banking institutions' Internet banking services to provide on-line assurance of payments, enables payment references to accompany payments to facilitate reconciliation of transactions, and provides an efficient and cost-effective settlement mechanism.

The system is intended to support the various initiatives of the private sector and the government in e-commerce, through the use of an industry-wide payment platform that would have a more comprehensive outreach to users, compared to the existing bank-centric models.

It is a national project to facilitate online payments for e-commerce transactions on a secure and multi-bank platform, and is the country's first real-time on-line inter-bank Internet payment gateway.

Dr Zeti said that the efficiency of the financial system would be further enhanced with the FPX that reduces transaction costs and contributes to the overall functioning of the economy.

"This advancement forward can only be successfully achieved when there is active participation by the banking institutions, individuals as well as businesses, in utilising and promoting the system nationwide," she said.

Dr Zeti also said that economic expansion hinges on the effective intermediation function of the financial system, and the efficiency of funds flow is integral to the overall functioning of the system.

"To gain significance as a trading nation, the strengthening of the commercial facilities, including e-commerce, is pivotal to the process," she said.

Dr Zeti noted that while a vast array of electronic payment systems and instruments have been introduced against a background of more flexible regulatory policies and advancement in technology, the use of cheques remain pervasive in Malaysia.

More than 90 percent of the non-cash retail payments in Malaysia are made by way of issuing cheques, albeit at a slower average annual growth rate of two percent in the recent two years, compared to the use of the Inter-Bank Giro which has increased at the rate of 197 percent, she said.

In most developed countries, the use of cheques had declined to negligible level compared to electronic payments, she added.

Dr Zeti also highlights the need for consumers to be informed and convinced that the electronic payment infrastructure is safe, efficient and reliable, and that there is an adequate consumer protection mechanism for consumers to be able to confidently enjoy the advantages of a low cost and effective payment system.

One of the main challenges is to combat fraud, she said.

The rising incidences of Internet-based identity theft and phishing scams globally require the banks to remain vigilant about the possible security risks and employ effective security measures and internal procedures to protect their customers, she said.

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