

Nazrul Hisyam Mohd Noh: Opening remarks - #IDAREYOUChallenge2017 Grand Finale

Opening remarks by Mr Nazrul Hisyam Mohd Noh, Assistant Governor of the Central Bank of Malaysia (Bank Negara Malaysia), at the #IDAREYOUChallenge2017 Grand Finale, Kuala Lumpur, 3 September 2018.

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It is indeed an honour for me to be here today at the grand finale of #IDAREYOUChallenge 2017. Within the theme of today's event, I would like to take this opportunity to pose three dares for everyone here today:

1. Firstly, to the university undergraduates present here, I dare you to break the myth that the young generation are not financially savvy and do not plan financially for the future.
2. Secondly, again to the millennials and post-millennial Gen-Z present today, I dare all of you to break the myth that you are the "me me me" generation, one that only cares about yourself, and to prove that all of you have a much wider and richer perspective, that you actually care about being financially protected for the sake of your future and your loved ones.
3. Finally, I dare the chiefs and captains of the insurance industry seated here today: I dare the industry to break the myth that insurance is unexciting, but instead, to demonstrate through engagements with the emerging generation of today that insurance is filled with opportunities for meaningful and exciting careers.

I cannot emphasize more, especially to the millennials and post-millennials present, that you have much ahead of you. In the journey to find purpose and passion in life, always be curious, take risks and differentiate yourselves from everyone around you.

The fact that '**change is the only constant**' tells us that the world is ever evolving and all of us are constantly addressing curve balls and wildcards that life throws at us. The talk of job displacements, the rise of Artificial Intelligence, FinTech, InsurTech and the New Industrial Revolution will certainly change the world that we live in. In those, there are challenges, but there are opportunities as well. Thus, no matter in what stage of life you are in – you need to stay relevant, always strive to be different by innovating yourself. Above all, I must say, savour the experience and find personal meaning, purpose and enrichment along the way.

While many of you embark on your journey of discovery, it is important to take heed of the wisdom of the wise on what may appear as uninteresting lectures on financial planning for your future. As the saying goes **failing to plan, is planning to fail**. It is alarming that although 40% of Malaysians consider themselves financially ready for retirement, a retiree would need an estimated minimum of RM228,000 in today's value upon retirement to generate sufficient income to live above the poverty line for the next 20 years. It is even more worrying to see only 18% of Malaysians, that is less than one fifth, actually have that exact sufficient amount of EPF savings. In fact, more than 75% of Malaysians find it difficult to raise even RM1,000 of immediate cash for emergencies. The ability to plan for the future and exercise self-control is a crucial life skill that needs to be cultivated and nurtured. In fact, a key predictor of success in life, is to be able to take the longer term perspective.

Let's move on to the issue of debt. Not all debt is bad as any economist would tell you, for borrowing to invest in productive assets or purposes will make one better off in the future. However, when the level of one's borrowings is too high, it is a cause of concern. Let me illustrate, a significant proportion of youth today are surviving on high borrowings. The statistics are telling, 38% of youths take up personal loans, 47% have expensive credit card borrowings

and more than 3,400 borrowers between the ages of 20–30 years have sought out AKPK's financial assistance in 2017, which would likely mean that the actual numbers facing financial difficulties are higher.

To those of you today who are making early forays in the working world, it is our collective hope that you will take all active measures to not be part of those statistics. The future ahead of you is bright and the burden of being weighed down by excessive debt is a hindrance to your development and success. Thus, my dare to you is to get yourselves financially educated, and from thereon to be financially prepared for your future.

Elon Musk, of PayPal, SpaceX and Tesla electric car fame, was once quoted to say that and I quote ***"It is OK to have all your eggs in one basket, as long as you control what happens to that basket"***. Now, obviously Elon Musk is not in the insurance industry. And putting all your eggs in one basket seem to be the anti-thesis of diversification and proper risk management. Nevertheless, as someone known to be a successful serial risk taker, he may be up to something. Think about it. There may be times, especially so during your youth to take exceptional risks, to be bold in new ventures and move out from your comfort zone.

But always remember, life does occasionally deal you with its challenges. Contingencies such as illnesses, accidents and personal tragedies can and will challenge you in the future in your pursuits of your dreams. Financial shocks can occur to any of us, at any stage of our lifecycle. In such situations, smart options like insurance and takaful are perhaps the only way to **'control what happens to your basket'**. With all these in mind, we must dare to make that leap in life to be financially protected, for the sake of our loved ones.

Moving on to my last dare to our esteemed industry leaders present here today. I would like to record Bank Negara Malaysia's appreciation to this bold initiative by LIAM together with academia and the Ministry of Education through the #IDareYouChallenge to educate and increase awareness among the younger generation on the importance of long-term financial planning and insurance. It is an unconventional collaboration between industry and academia, which allows the industry to benefit from new ideas and perspectives, build brand awareness among these university students and indirectly connect to a future talent pipeline.

Likewise, universities and the student population benefit by having more of their students exposed to the industry and being prepared for their post-academic career. But my dare is also for the industry should go further in the age of digital disruption, to be at the forefront of innovation and to be an employer of choice for today's graduates. A survey conducted among students and graduates of Malaysia's 100 leading graduate employers, only had two insurance companies on the list, compared to a total of 18 banking institutions in Malaysia. Whether this is borne out of reality or lack of outreach, there is a need to promote and to brand the industry with a culture of innovation and a more visible consumer presence including via digital means, from which it will naturally grow into an exciting and engaging place for new generations to build a career in.

To the competing teams today, all the very best to all of you. In my mind all of you are winners. To the winners of today, congratulations for a well deserved victory to what must be an exhaustive yet creative venture. This experience could be life changing. To the others, the materials you have created and presented here will likely put our life insurance companies on notice, in terms of new ideas on what motivates and excites the generation, and as they respond to them over time, you are also winners of the future.

Closing

In closing, I would like to repeat my 3 dares today. To our youth, dare to be financially prepared for the future and dare to be financially protected. To our industry, dare to be an exciting workplace for the future generations. I shall leave you with this thought from Winston Churchill, and I quote – 'Success is not final, failure is not fatal, it is the courage to continue that counts'.

