



Example Investment Risk Profile

Reinforced by Advanced Scenario Planning

Central Banking

Outlook for Central Banking in Malaysia

Amplios

Amplios Consultants Pte Ltd,

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1. Executive Summary

Purpose

The purpose of this report is to summarize the results of the workshop future study for central banking conducted for the attendees from the central and retail banking organizations in the Malaysia. The risk factors have now been updated to reflect recent developments.

The Investment Opportunity

The strong and steady development of the Malaysian economy industry has created a demand for banking services of all kinds.

Investment Required

The investment required for participation in the banking sector varies with the investor's strategy, which can be on a portfolio basis or specific project basis.

Return on Investment

Preliminary studies indicate that the return on investment in the banking sector can be attractive, but should be assessed only after detailed financial modeling has been done.

Risks

The main risks in the short term include global economic downturn and instability in the international politics. Opportunities in the long term should arise if regional economic growth continues strongly, particularly in China and India.

Recommendation

The result of our risk profiling study is a recommendation that the prospective investors should **proceed with caution** to the strategy development stage. This should involve discussions with all stakeholders.

Details are given overleaf.



Palm oil continues to be a major export income earner.



There are many very well organized forums for discussion of future trends.

Overview of Risk Profile

To arrive at our recommendation to **proceed with caution**, we have assessed more than 100 relevant future events using our copyright **Rapid Due Diligence** methodology. The details of the calculations and assumptions are shown in the graphic below:

The Futurist Institute

Global Scenario Snapshot

Strategic Foresight

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Purpose: to demonstrate the application of scenario building via estimation of future events

Select events and trends from the drop-down lists. For events that are a consequence of the one above, select "F".

Select Risk Probability (High,Medium,Low) Impact (Positive,Negative), Degree of Impact (High Medium,Low)

To indicate those events within management's control, select "C". (Control has no effect on score.)

The overall score combined with the bar chart shows the overall sense of risk.

To edit the events labels, click on the "Edit Events" tab. Both tabs are visible together. To edit trend labels, click on the

The recommendation changes as the overall score changes from positive to negative. When your data entry is complete, enter "Yes" here:

Yes

Controllable =

Global Scenario Snapshot - Top 10 Events				Score out of 100 =								6.0	
Row	Event No.	Event Label	Trend	F	P	D	I	C	Score	<Negative Positive>			
1	1	Demand for Islamic Banking	- increasing	I	H	M	P	C	40.0				
2	2	Malaysian IB global competitiveness	- improving	I	M	M	P	C	25.0				
3	12	banking industry talent development	- increasing	I	M	M	P	U	25.0				
4	7	Malaysian household indebtedness	- increasing	I	L	H	N	C	-16.0				
5	8	Malaysian financial stability	- declining	I	L	M	N	C	-10.0				
6	9	anti-money-laundering	- stable	I	L	M	N	C	-10.0				
7	10	anti-terrorism financing	- stable	I	L	L	N	C	-4.0				
8	15	public financial education	- improving	I	M	L	P	C	10.0				
9	18	corporate governance in financial services	- declining	I	M	L	N	C	-10.0				
10	14	ASEAN central banks cooperation	- improving	I	L	M	P	U	10.0				
* F=Follows, P= Probability of occurrence, I= Impact, D= Degree, C= Controllability								Recommendation:		Proceed with caution			

Our Rapid Due Diligence methodology has allowed us to generate a high level summary report as shown below:

<u>Event</u>	<u>Summary Report</u>	
1	<p>For this research topic, the most important issue will be Demand for Islamic Banking, which is most likely to be increasing.</p> <p>The probability of this occurring during the investment timeframe is high.</p> <p>This will have a medium positive impact on our business case which will be within our control.</p>	<p>This will have a medium negative impact on our business case which will be within our control.</p>
2	<p>Another independent issue will be Malaysian IB global competitiveness which is most likely to be improving.</p> <p>The probability of this occurring during the investment timeframe is medium.</p> <p>This will have a medium negative impact on our business case which will be within our control.</p>	<p>7 Another independent issue will be anti-terrorism financing which is most likely to be stable.</p> <p>The probability of this occurring during the investment timeframe is low.</p> <p>This will have a low negative impact on our business case which will be within our control.</p>
3	<p>Another independent issue will be banking industry talent development which is most likely to be increasing.</p> <p>The probability of this occurring during the investment timeframe is medium.</p> <p>This will have a medium positive impact on our business case which will be beyond our control.</p>	<p>8 Another independent issue will be public financial education which is most likely to be improving.</p> <p>The probability of this occurring during the investment timeframe is medium.</p> <p>This will have a low positive impact on our business case which will be within our control.</p>
4	<p>Another independent issue will be Malaysian household indebtedness which is most likely to be increasing. The probability of this occurring during the investment timeframe is low.</p> <p>This will have a high negative impact on our business case which will be within our control.</p>	<p>9 Another independent issue will be corporate governance in financial services which is most likely to be declining.</p> <p>The probability of this occurring during the investment timeframe is medium.</p> <p>This will have a low negative impact on our business case which will be within our control.</p>
5	<p>Another independent issue will be Malaysian financial stability which is most likely to be declining.</p> <p>The probability of this occurring during the investment timeframe is low.</p> <p>This will have a medium negative impact on our business case which will be within our control.</p>	<p>10 Another independent issue will be ASEAN central banks cooperation which is most likely to be improving.</p> <p>The probability of this occurring during the investment timeframe is low.</p> <p>This will have a medium positive impact on our business case which will be beyond our control.</p>
6	<p>Another independent issue will be anti-money-laundering which is most likely to be stable.</p> <p>The probability of this occurring during the investment timeframe is low.</p>	<p>Summary A combined risk factor for this set of related future events as per the Amplios Strategic Foresight Risk Index is, on a scale of -100 to +100, positive 6.</p>