Proposed headline: Financial inclusion made possible with innovation.
Sub headline: Empowering the underserved: How Safeguards CS utilised IBM Power Virtual Server to deliver financial inclusion in Malaysia.

Advancing financial inclusion is a key agenda of the Central Bank of Malaysia (BNM) in its vision to create a monetary system that supports affordable and essential financial services to all segments of society. Only 74% of Malaysians use digital financial services according to BNM's Financial Capability and Inclusion Demand Side Survey 2021.

BNM defines financial inclusion as "the provision of suitable, affordable and quality financial services to all segments of society". This includes an expansion of financial products and services to meet diverse and distinct needs of the unserved and underserved. Technical innovation would be a key instrument in meeting BNM's aspirations.

Safeguards CS Sdn Bhd (SCS), a subsidiary of Safeguards Group and a new player in the retail banking sector, recognised the need and seised the opportunity to offer financial services to the unserved and underserved population. SCS provides cash solutions that complement the traditional banks' services, offering greater convenience to the public.

In June 2022, SCS obtained a license from Payments Network Malaysia Sdn Bhd (Malaysia' Central Infrastructure Provider) to connect to its Shared ATM Network and deploy the Safeguards Cash Recycler Machines (Safeguards CRM) to cater to the market needs. Safeguards CRMs are, in essence, independent automated teller machines (ATMs) that are linked to the top 20 banks in Malaysia. This means anyone with an account can use the CRMs to deposit, transfer and withdraw cash as well as check bank balance.

Optimising with IBM Power Virtual Server and IBM Cloud services
As a start-up, SCS focuses on driving productivity while optimising costs. It also wants the ability to quickly scale its operations, access technical talent as needed, and respond efficiently to future growth projections.

SCS uses a cloud-based architectural framework with IntelliPayz, Silverlake Axis' payments application. During the initial testing, they had challenges migrating payment workloads on other cloud providers, and ultimately, chose IBM Power Virtual Server for superior security, performance, compatibility, and support after three months of trial and testing. With IBM Power Virtual Server, they have the flexibility to grow their workloads at their own pace with a consumption-based cloud service.

SCS collaborated with both IBM and its strategic partner, Silverlake Axis, to ensure smooth implementation. This is the first payment workloads on the Power Virtual Server in Asia Pacific. The SCS solution includes services for switching, scheme gateway and Checker ATM Security© by gMV, provided by Silverlake MasterSam.

Andrew Tan, Group Chief Executive Officer of Silverlake Axis, lauded the project as instrumental in spearheading financial inclusion in Malaysia. "The project is a significant public cloud implementation of the Silverlake Integrated Banking Solution (SIBS), paving the way for more similar migrations for other clients in the future. This initiative would transform Malaysia's financial services landscape, opening doors to valuable prospects," he said, adding that IBM Power is the platform of choice for many banks.

"It (IBM Power) creates a very powerful platform for banks to conduct their businesses, to grow and to adapt to the changes in the marketplaces. A few billion banking transactions are transacted through Silverlake banking system with IBM Power daily in Southeast Asia," said Tan.

Positive impact

SCS had deployed 81 CRMs within 6 months and its effort was rewarded with a fast uptick by consumers and small businesses using the CRMs to deposit and to withdraw cash. "We saw an average of 100 transactions a day which shows there is an untapped demand for cash transactions in today's digital age," said Darmendran Kunaretnam, Group Chief Executive Officer at SCS.

"Our research found that cash is king even in today's generation of digital and e-wallet users. We saw a pattern of large withdrawals during long weekends, public and school holidays." he said, adding the company was spurred to introduce the service in support of BNM's financial inclusion initiatives to support vulnerable groups and expand blended financial services through market access and ecosystem enablers.

Darmendran also pointed out that the distinct feature of Safeguards' CRM that accepts cash deposits for real-time credit into any savings, current, loan and credit card accounts; appealed to petty traders and small and medium enterprises. "The convenience to deposit earnings at Safeguard CRMs at the end of the day instead of holding on to the cash until the bank opens the following day is unbeatable," he added.

The CRMs, open 24 hours a day, are located at convenience stores, gas stations and malls. The company is now being courted by supermarket and fast-food chains. Encouraged by the early success and positive reception to the CRMs, the company aspires to install another 500 Safeguards CRMs by June 2026 with 20 percent of it located within the unserved and underserved community nationwide.

About Safeguards CS

Safeguards CS Sdn Bhd, a subsidiary of Safeguards Corporation Berhad, is a cash solution services provider and Malaysia's newest independent ATM deployer (IAD). It has the benefit of its parent company's, Safeguards Group, 23-year experience in logistics, cash-in-transit, cash management, security services, electronic security surveillance and detection systems, electronic commerce consulting and product development services before embarking on the new business model.
The Safeguards Group employs over 16,000 people across multiple subsidiaries.

About Silverlake Axis

Silverlake Axis is a digital solution and fintech company that is part of the Silverlake Group with presence across 80 countries globally. Silverlake's industrial strength core banking solutions are deployed at the top 20 largest banks in Southeast Asia.