

## **Keynote Speech**

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**The Evolving Scam Landscape: Trends and Techniques**

**SCxSC at MyFintech Week 2025**

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1. Good morning, esteemed speakers and guests, ladies and gentlemen.
2. Welcome to the final day of My Fintech Week 2025. The theme for our session today is simple yet critical, to empower Malaysians with the knowledge on the trends and techniques of the scam landscape.
3. This is particularly timely as we confront a world where financial innovation is accelerating at an unprecedented pace. The challenge is not just about keeping up but staying ahead of the increasing risk as well as troubling surge of investment scams that are becoming increasingly sophisticated and borderless.
4. Over the past few years, we've seen the investment landscape evolve beyond what we predicted. Investment products and services are no longer limited to traditional intermediaries, instead these services are now embedded within digital ecosystems, such as blockchain based infrastructure, technology platforms, e-wallets etc.
5. Though technological innovation has increased efficiency, technology has also raised new challenges as it is also used to perpetrate fraud and scams as we see proliferation of these in recent years. Global regulators and authorities are concern and various efforts and initiatives are undertaken in combatting scams. For example, IOSCO (International Organisation of Securities Commissions, an international body that brings together world's securities regulators and recognized as a standard setter for financial market regulators) has in November last year unveiled a new roadmap to enhance retail investors' online safety which aims to safeguard retail investors worldwide from fraud,

excessive risk and misinformation as digital trading and social media reshape the retail financial landscape.

6. In Malaysia, despite authorities having ramped up efforts towards combatting scams, we see scammers evolving faster. For example, in 2024, PDRM reported over 35,000 scam cases, with losses amounting to RM1.6 billion and that in the past 5 years, Malaysians have lost RM11.23 billion to various scams. Malaysian Communication and Multimedia Commission (MCMC) had also reported that it has successfully blocked over 3.1 billion scam calls in 2024 and for the first 4 months this year alone, has taken down over 30,000 scam contents on various online platforms.
7. As for the SC, in 2024, we continue to see increasing trend in numbers of public complaints and enquiries on investment scams and unlicensed activities :
  - received 3,602 public complaints and enquiries on various scams and unlicensed activities, and an increase of more than 100% from 2020.
  - as of June this year, we have already received 1,664 complaints and enquiries, an increase of 23% compared to the same period in 2024 (1,354).
8. Most these scams now happen on social media platforms like Telegram, WhatsApp, Facebook and Tik Tok which are popular with scammers.
9. Notwithstanding, from the complaints and enquiries we received in recent years we observed greater investor skepticism of more investors coming forward to the SC “enquiring” about /questioning the legitimacy of these investment offers before making any investment. This is a shift from the past where there were more complaints and only after these individuals had lost money.
10. Despite greater skepticism, there are still many individuals who continue to fall victim to investment scams. Based on a recent survey conducted by the SC, 30% of respondents were found to be susceptible to scams. Notably, 34% were young adults aged 31–40, while 44% belonged to B40 households. Interestingly, 70% of those susceptible held at least a diploma-level qualification, highlighting that education alone does not guarantee protection against fraud.
11. In that regard, technology has contributed /exacerbated such vulnerability such as:-
  - (a) Due to lack of basic investment literacy and awareness. The SC’s findings show that many investors rely heavily on third-party sources when making financial decisions, perceived as credible. Persuasive tactics and sophisticated scams are employed by scammers using AI and deep-fake technology using high profile

/trusted leaders and personalities to gain trust. The growing accessibility of deep-fake and other AI tools has allowed them to reach out to potential victims on an industrialized scale to create convincing yet entirely fabricated content.

(b) The use of psychological manipulation to create a sense of urgency/FOMO which is particularly effective in digital platforms where speed and instant communication amplify the pressure.

12. This is further facilitated with the ease of online payments coupled with the increased use of mule accounts. This has further enabled the scam ecosystem
13. There are many efforts currently underway nationally and internationally such as the National Scam Response Center (NSRC), that acts as a bridge between the public and multiple law enforcement agencies, enabling faster response to online financial scams. I am happy to announce that the SC has been included as a new addition to the NSRC.
14. In addition, in light of the growing concern on mule bank accounts the government has recently passed the amendments to the Penal Code which would now cause a harsher penalty on mule account holders, with mandatory jail terms of up to 7 years and a fine not exceeding RM100,000.
15. We also maintain an active collaboration with the Malaysian Communications and Multimedia Commission (MCMC) to enhance joint efforts in key areas, particularly in strengthening enforcement actions, improving scam prevention strategies, and leveraging technological advancements. This partnership includes the exploration and application of artificial intelligence (AI) capabilities to improve the detection, monitoring, and disruption of online scams and unlicensed activities.
16. Through the SC's involvement in IOSCO, I'm also happy to share that the SC recently signed the International Organization of Securities Commissions' (IOSCO) Enhanced Multilateral Memorandum of Understanding (EMMoU). This agreement will help us procure and share information for cross-border enforcement, which is important because scams operate across different countries.
17. We are also a member of IOSCO APRC Working Group on Scams and Online Harms (SWG) with 9 other IOSCO members including ASIC Australia, SFC Hong Kong, Singapore MAS etc. One of the key mandates of the WG is to develop a regional approach to engage with tech platforms, contribute to global anti-scam initiative and share Information and best practices amongst the members. One of the notable initiatives of the working group is the development of I-SCAN, an enhanced IOSCO

alerts portal developed to bolster investor protection through awareness and vigilant monitoring of potential investment scams and fraudulent activities. Through this effort, recently a letter was also issued by the IOSCO board to the tech platform providers highlighting the roles they can play in protecting investors from online fraud.

18. At the SC, we take unlicensed activities and scams very seriously and take on a multi-pronged approach in combatting scams.

A. Regulatory Framework – Laws, Regulations & Rules

19. We continuously monitor the developments in our market as well as benchmarked jurisdictions in ensuring that our laws, regulations and rules are updated and comprehensive to enable us to act against bad actors in the capital market. The regulatory framework is essential in ensuring that investor interests are always safeguarded and protected.

20. Towards this, some of the amendments as well as clarifications undertaken include :-

21. The SC issued Guidance Note in July 2024 in response to the growing role of financial influencers (finfluencers) in promoting capital market products and services. While finfluencers can help enhance financial literacy, the SC has also seen a rise in the number of cases involving misleading investment promotions, scams, and unlicensed activities. These concerns prompted the issuance of the Guidance Note to help protect investors and promote responsible financial advice.;

22. In tandem with this, the SC also introduced the revised Guidelines on Advertising for Capital Market Products and Related Services which provides a general framework for advertising and promotional activity within the capital market to promote responsible advertising and promotion.

B. Bring the Community in on the War – Detect, Disrupt and Awareness

Detection

23. The SC also takes cognizance of the need to invest in technological capabilities, cross border intelligence and public awareness towards combatting scams. In that regards, we adopt a proactive and intelligence-driven approach to detect scams and unlicensed activities. A core part includes using a dedicated surveillance system (web crawling tool) to detect scams and unlicensed activities to rapidly identify and disrupt offending pages and contents.

24. In addition, the SC is also exploring various AI-assisted tools to bring the war to the scammers. We realize that we cannot take a knife to a gun fight, and we firmly view that with the advent of Ai and the various tools the scammers have resorted to, we need to similarly explore the use of such tools to neutralize our enemy.

#### Disruption

25. Facilitation through technology is also coupled with human-led activities such as mystery shopping, agent provocateur activities, Open-source intelligence (OSINT) to obtain intelligence and gather sufficient evidence to disrupt and take actions against the scammers. In addition, immediate interventions are taken through blocks.

#### Awareness

26. The SC has also consistently updated the public to ensure that market is aware and updated on scams.

27. In 2024, we added 273 names to the Investor Alert List. We also work closely with MCMC and social media platform providers to block fraudulent websites and social media pages. Last year, we blocked 153 websites and 268 social media pages. These numbers show the extent of illicit activities we are fighting daily.

28. To ensure that the public is well-informed of emerging threats and developments, we also disseminate information on new modus operandi (MOs) through media communications, industry blasts (to intermediaries), and other communication channels. For example, media communications are issued to warn the public of new scam modus operandi detected, an initiative we embarked in 2024 and to date, we have issued 7 of such communications such as deepfake investment scams, pre-IPO investment scams, fake guarantee deposits, cloned SC public register.

#### C. Engagement & Education

29. Besides, the SC also strengthens its investor empowerment initiative through InvestSmart®. A wide range of activities are undertaken to promote investment literacy and raise public awareness about the risks of unlicensed activities and scams. We leverage on various digital and online tools including augmented reality gamification and social media platforms to deliver timely alerts, educational content, and practical guidance to the Malaysian public. These efforts are aimed at making financial education

more accessible, interactive, and relevant, especially for younger and tech-savvy audiences.

#### D. Enforcement

30. Enforcement actions are also taken when necessary. Notably, the SC had:-

- Initiated actions against five unlicensed investment advisors, resulting in enforcement reprimands and fines totalling RM9,140,000 between 2022 and 2023.
- In addition, the SC has also taken enforcement actions against four unauthorised DAXs over the past years with the latest being in November 2024 against ByBit. These DAX operators rank among the largest by trading volume and have a significant global presence but were found to be soliciting Malaysian investors. This action by the SC in 2024 is consistent with the actions that the SC has taken against Binance, Remitano (in 2020) and Huobi (in 2023).;
- Mules account holders – enforcement actions against 15 individuals in 2022-2024 with total fines imposed amounting to RM3.34 million.

#### Conclusion

31. Ladies and gentlemen,

As we look ahead, we believe the future calls for new techniques and new mindsets. Regulation must be proactive and the era of “wait-and-see” is over. We must explore more innovation and collaboration (as this cannot be tackled by the regulator only/one segment of the ecosystem) as well as continuously update our eco-system to respond to the sophisticated technology that is being used by the scammers.

32. Do make full use of everything that we have lined up for you today, especially with the panel sessions with industry experts giving valuable insights and perspective on scams. These sessions will promise to deliver thought-provoking discussions, practical takeaways and forward-looking views that will benefit professionals, policy makers and the wider public alike.

Thank you and I encourage meaningful conversations and collaborations.