

Beyond Blueprints

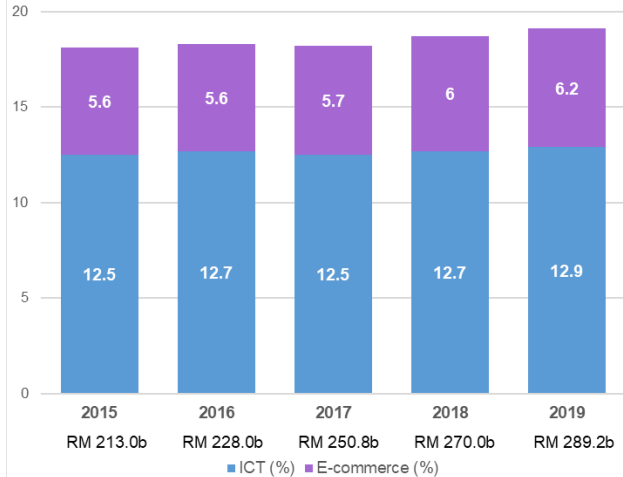
Assessing Malaysia's Untapped Opportunities for Digital Trade

Mark Chan

Malaysia: General Trends

Traversing the “computerisation gap”

Malaysia’s Digital Economy is expected to hit 22.6% of GDP by 2025



New initiatives serve to ‘upgrade’ E&E and ICT industry value chain towards services and smart manufacturing



Malaysian government views Digital Economy development as a key post-COVID-19 recovery strategy

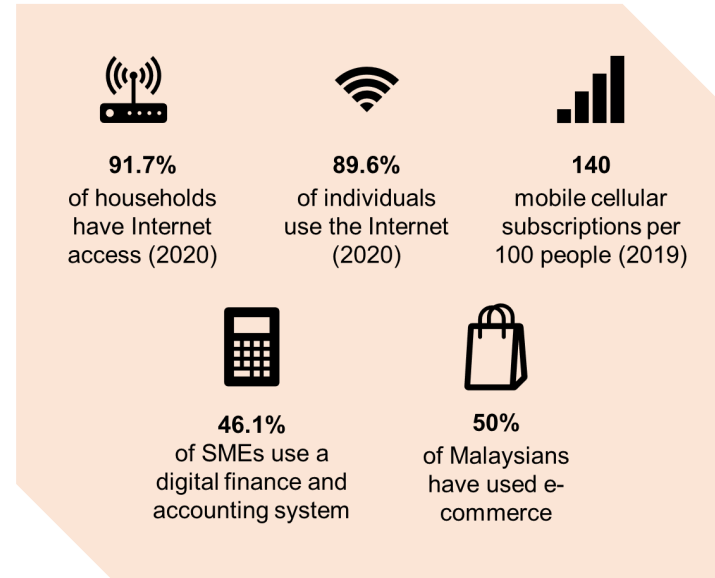
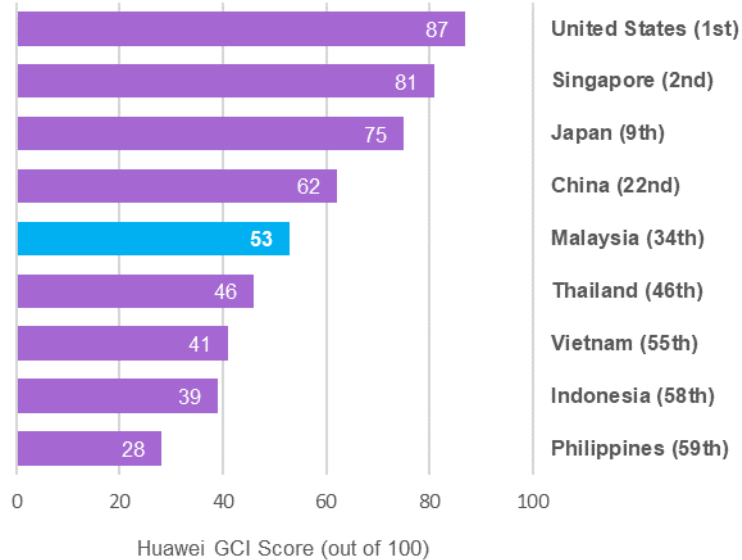


MyDigital initiative provides wide overarching strategy for Digital Economy growth

Malaysia: General Trends

Strong digitalisation fundamentals

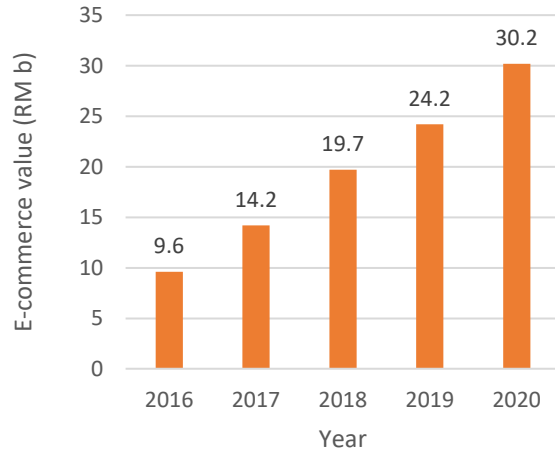
Malaysia ranked **34th** in Huawei's Global Connectivity Index 2020 – measuring ICT maturity, investments, and digital economic performance



Malaysia: General Trends

Post-pandemic, digital acceleration experienced differently

E-commerce platforms: sales volumes on an up-swing



Retail users: adoption of digital services goes mainstream



36% of all digital service users were new



of which **59%** were from non-urban areas



47% YoY increase in Internet and mobile banking transactions



260% YoY increase in active e-wallet users

SMEs: 'K-shaped' effects with winners and losers



25% accelerated digital transformation plans



60% slowed down digital transformation plans due to lack of cash flow



84% had difficulty communicating with customers and suppliers due to connectivity issues

MyDigital reaffirms Malaysia's Digital Economy aspirations



An overarching initiative led by the PM: Targets 22.6% GDP contribution and 500,000 new jobs by 2025

Provides new direction in emerging fields: 5G commercialization, cloud computing, National Digital Identities

However, inflection point: an opportunity for Malaysia to articulate its domestic objectives with interoperability and collaborative aspirations vis-à-vis trade partners.



Malaysia's Readiness for DEA Collaboration

Ready for DEA

Data Regulations: progressive cross-border data liberalisation

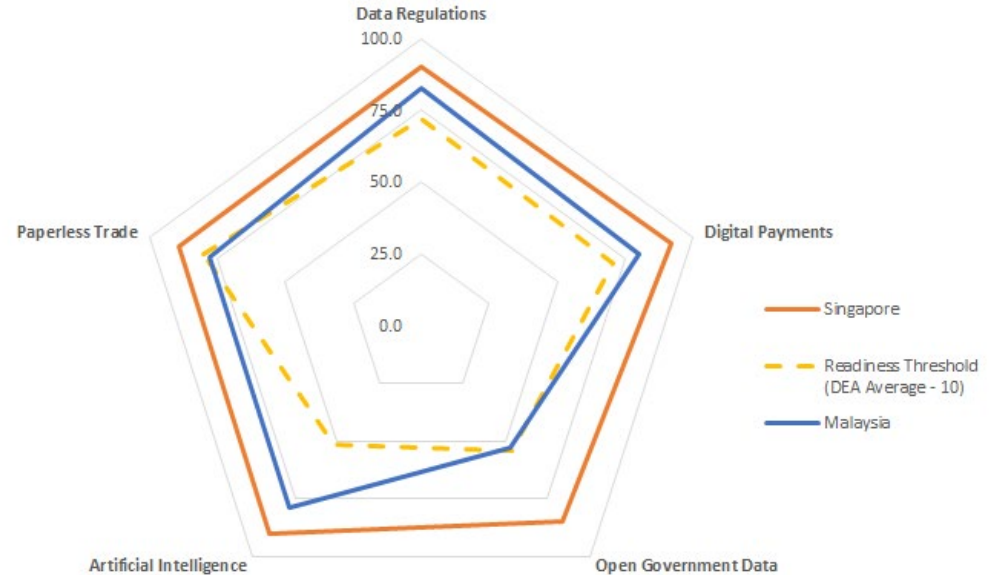
Digital Payments: mature and well-regulated ecosystem

Artificial Intelligence: supported by active emerging tech promotion

Opportunity Areas

Open Government: room for enhanced data accessibility and granularity

Paperless Trade: facilities for cross-border trade data exchange limited beyond ASEAN



Data Regulations

READY TO SIGN DEA

Singapore	90.1
Australia	85.8
Malaysia	82.7
New Zealand	82.0
Chile	78.6



ASEAN-6 Average

DEA Readiness Scorecard

Data Regulations

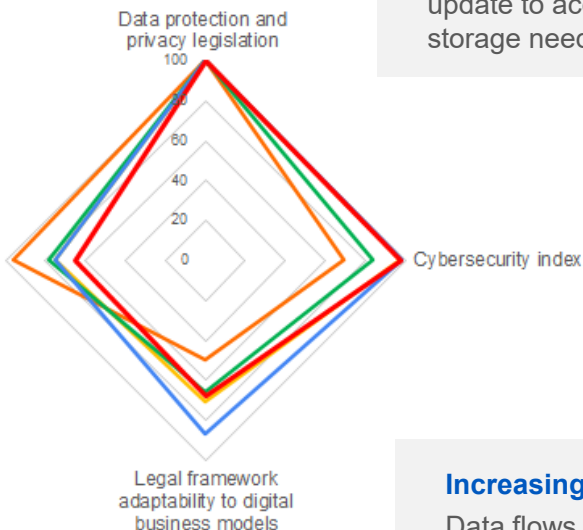
READY TO SIGN DEA

Singapore	90.1
Australia	85.8
Malaysia	82.7
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ASEAN-6 Average

Data policies enabling digital trade



Robust data protection and privacy framework

Personal Data Protection Act 2010 due for 2025 update to accommodate emerging data transfer and storage needs

Room for data innovation sandboxes

Though FinTech sandboxes exist, facilities for public-private data stakeholder collaboration could catalyse data innovation

Increasing attention to cross-border data flows

Data flows to be liberalised upon ratifying CPTPP and RCEP, but not clear what limitations will apply

Digital Payments

READY TO SIGN DEA

Singapore	91.8
New Zealand	81.1
Australia	80.8
Chile	80.3

Malaysia 80.2

60.2

ASEAN-6 Average

DEA Readiness Scorecard

Digital Payments

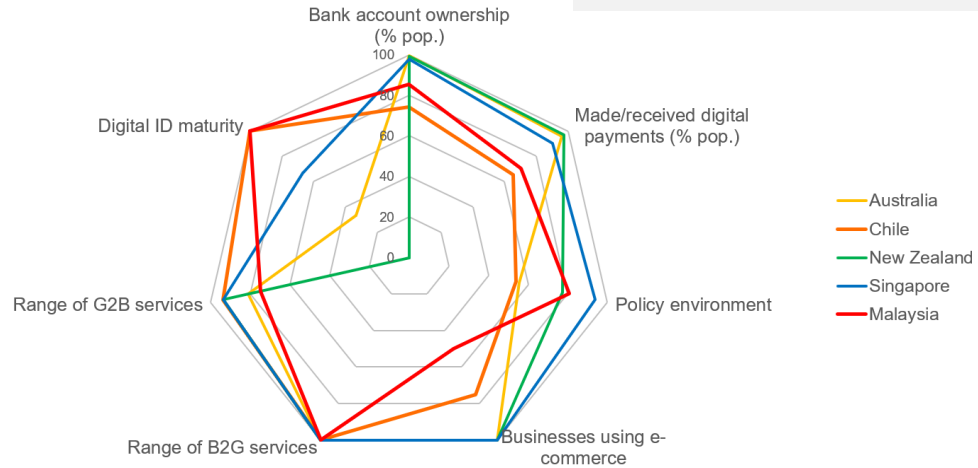
READY TO SIGN DEA

Singapore	91.8
New Zealand	81.1
Australia	80.8
Chile	80.3

Malaysia 80.2

60.2

ASEAN-6 Average



High digital payments usage

70.4% of Malaysians 15+ made or received a digital payment in the past year

DEA Readiness Scorecard

Digital Payments

READY TO SIGN DEA

Singapore	91.8
New Zealand	81.1
Australia	80.8
Chile	80.3
Malaysia	80.2

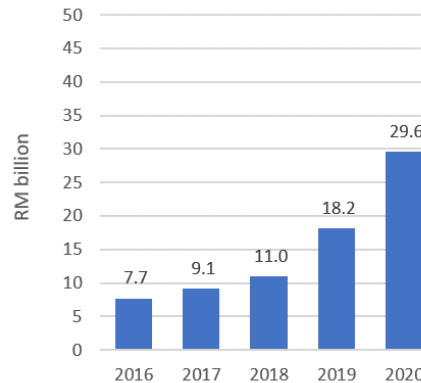
60.2

ASEAN-6 Average

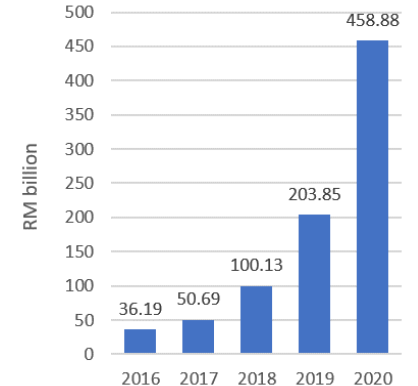
High digital payments usage

70.4% of Malaysians 15+ made or received a digital payment in the past year

E-money transaction value



Mobile banking transaction value



DEA Readiness Scorecard

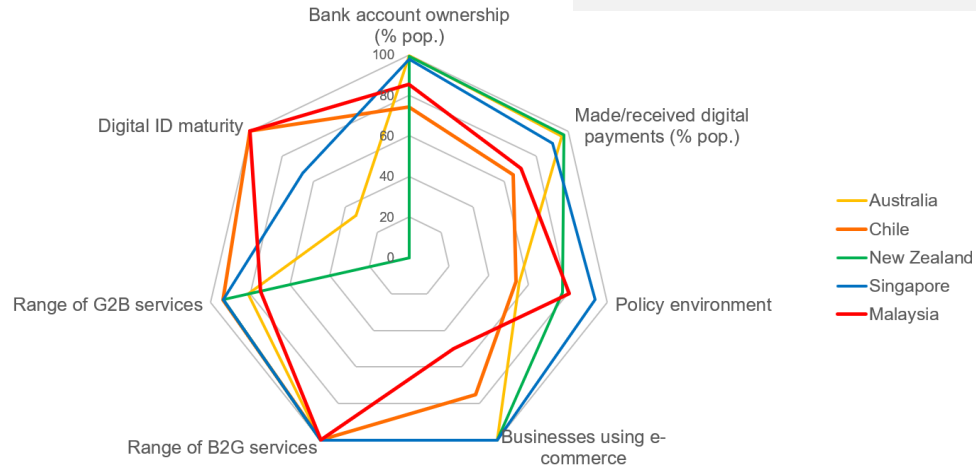
Digital Payments

READY TO SIGN DEA

Singapore	91.8
New Zealand	81.1
Australia	80.8
Chile	80.3

Malaysia **80.2**

60.2
ASEAN-6 Average



High digital payments usage

70.4% of Malaysians 15+ made or received a digital payment in the past year

Payments interoperability a key focus

E.g., real-time debit payments between NETS Singapore and PayNet; real-time credit and QR payments in the works with Singapore and Thailand

Proactive policymaking and regulators

A consistent focus for the Central Bank, Securities Commission and strategic blueprints (e.g. MyDigital)

Paperless Trade

NOT READY TO SIGN DEA

New Zealand	94.4
Australia	91.7
Singapore	88.9
Chile	83.3

Malaysia	77.8
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78.7

ASEAN-6 Average

DEA Readiness Scorecard

Paperless Trade

NOT READY TO SIGN DEA

New Zealand	94.4
Australia	91.7
Singapore	88.9
Chile	83.3



ASEAN-6 Average

Digitalisation of paper documents high

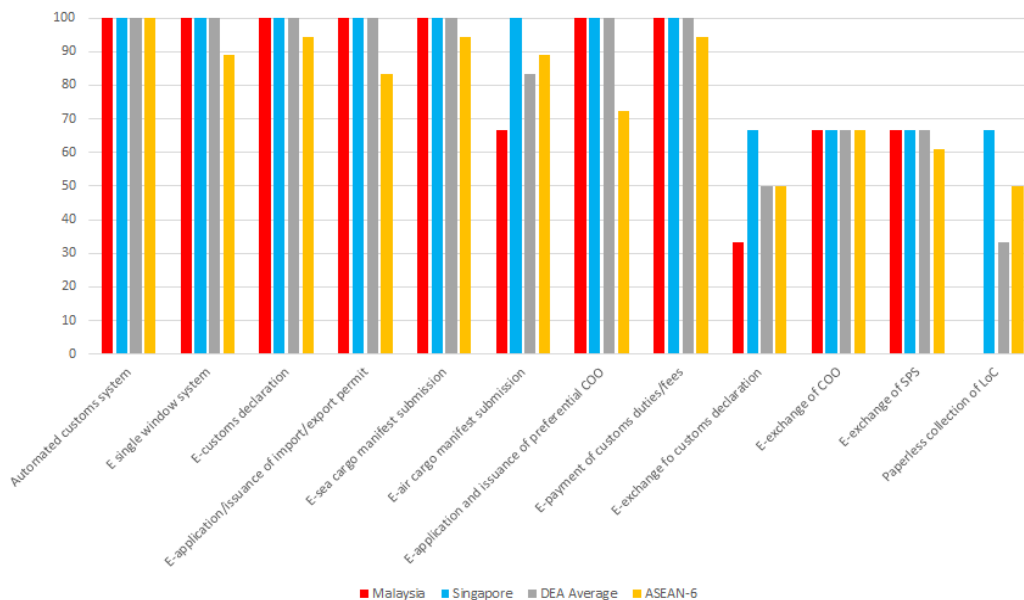
E.g., compulsory e-COO, custom declarations, export/import permits

Connections with National Single Windows abroad limited

Restricted to ASEAN-level cooperation for now

Malaysia can begin collaborating by focusing on key trade items

Focus on augmenting export/import process for specific categories, and then expand offering



Artificial Intelligence

READY TO SIGN DEA

Singapore	90.0
Malaysia	78.5
Australia	68.9
New Zealand	67.9
Chile	48.0

65.1

ASEAN-6 Average

DEA Readiness Scorecard

Artificial Intelligence

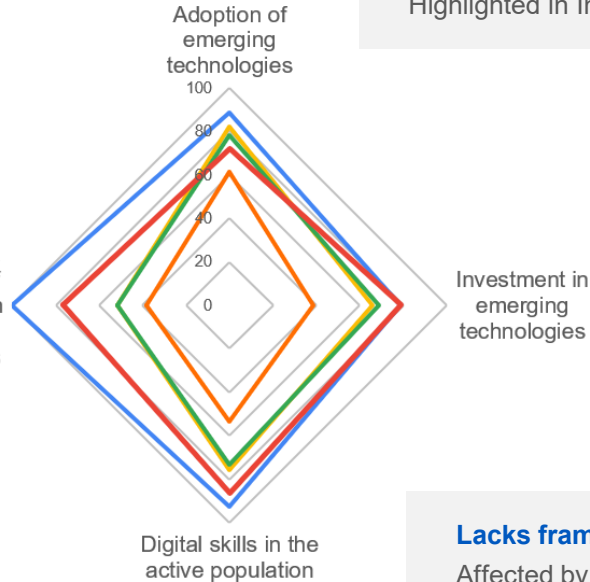
READY TO SIGN DEA

Singapore	90.0
Malaysia	78.5
Australia	68.9
New Zealand	67.9
Chile	48.0

65.1

ASEAN-6 Average

Government promotion of investment in emerging technologies



Adoption of new technologies a consistent focus

Highlighted in Industry 4.0 and MyDigital masterplans

Digital skills high, but not specialised

Affects ability to harness AI widely and effectively

Lacks framework for responsible AI use

Affected by limitations to cross-border data flows, and lack of specialised cybersecurity law

Open Government Data

NOT READY TO SIGN DEA



DEA Readiness Scorecard

Open Government Data

NOT READY TO SIGN DEA

Singapore	84.3
New Zealand	76.7
Australia	70.0
Malaysia	53.0
Chile	45.0

58.3

ASEAN-6 Average

Readiness to use

Coverage

100

80

60

40

20

0

Openness

Data coverage is on par with Australia and NZ

Good coverage across 22 key data categories

- Australia
- Chile
- New Zealand
- Singapore
- Malaysia

Government initiatives on open data exist

But initiatives to improve meaningful stakeholder data usage are needed to maximise data value

Malaysia lags for data openness and accessibility

Issues with data quality, granularity, machine readability and availability on unified platform

Opportunities: interoperability and collaboration

	Malaysia
Data Regulations	✓
Digital Payments	✓
Artificial Intelligence	✓
Paperless Trade	✗
Open Government	✗

Malaysia has the greatest potential in Data Regulations, Digital Payments and Artificial Intelligence.

Digital Payments and Data Regulations should be priority areas for collaboration. Collaboration on AI could focus on best practices and ethical governance framework development.

Opportunities for significant growth in Paperless Trade and Open Government.

For Paperless Trade, incremental single window integration can occur with key trade partners. Domestic efforts are underway to 'digitalise' and bring government onto cloud, which will enhance digital data collection and visibility.