Developing SMEs In eCommerce

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SME Corp. Malaysia
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eCommerce Day
Landscape of SMEs in Malaysia
SMEs are the backbone of the economy...

- SMEs account for large proportion of businesses in Malaysia:
  - 97.3% of establishments (645,136)
  - Size wise 77% microenterprises, with < 5 workers

Source: Economic/SME Census 2011, Malaysia
Global e-Commerce sales have reached $1.0 trillion in 2015 with double digit sales growth in all continents...

E-Commerce Sales Growth
(2015, USD, % sales growth compared to 2010)

- **United States:** $271 Bn.  
  - 15%  
  - 79%

- **EU:** $158 Bn.  
  - 15%  
  - 75%

- **China:** $293 Bn.  
  - 86%  
  - 52%

- **Japan:** $69 Bn.  
  - 14%  
  - 81%

- **World:** $1 Tn.  
  - 24%  
  - 45%

ASEAN accounts for only <1% of global sales

$ E-Commerce Sales  
Sales Growth  
Online Buyer Penetration

Source: Euromonitor, Statistica, A.T. Kearney estimates
In Malaysia, e-business/ICT adoption is still relatively low

- Most respondents run their businesses using Computer / laptop / notebook / tablets but still low in other ICT tools services

ONLY 19.6% of SMEs are involved in doing business online

Did not sell products or services online 80.4%
Sell products or services online 19.6%

Source: 3Q 2015 SME Corp. Malaysia Survey
Main issues affecting adoption of e-business and e-commerce in distributive trade SMEs

1. Perception & Knowledge
2. Cost of Network
3. Lack of process innovation
(1) **Perception and knowledge issues** facing ICT adoption among the SMEs

1. **Barriers** in the form of perception and mentality towards adopting the Internet and e-business

2. **Lack of knowledge** in areas of ICT, which affects their willingness to adopt the Internet or e-business

3. Perception on the **lack of ICT support** within the industry

4. SMEs are **risk adverse**, most lack the knowledge on benefits of using Internet for business or adopting e-business

Source: Study on Domestic Assessment on Internet and E-Business Adoption in Malaysian Small and Medium Enterprises, commissioned by Multimedia Development Corporation, 2014

n= 609
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<td><strong>5</strong></td>
<td>Lack of trust for <em>buyers</em> and <em>unknown suppliers</em> in cyberspace</td>
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<td><strong>6</strong></td>
<td>Lack of trust in <em>IT solutions</em> and <em>services providers</em></td>
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<td><strong>7</strong></td>
<td>SMEs <em>perceive</em> that they still <em>need to rely</em> on <em>IT personnel</em> to set-up, maintain and manage the e-business for them</td>
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<td><strong>8</strong></td>
<td>Most <em>not aware</em> of available <em>Government support and assistance</em> for ICT adoption and e-business</td>
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Source: Study on Domestic Assessment on Internet and E-Business Adoption in Malaysian Small and Medium Enterprises, commissioned by Multimedia Development Corporation, 2014

*n= 609*
Recommendation to address lack of ICT adoption & innovation

1. Increase ICT Adoption (E-Business)
   - …particularly catering to SMEs in the wholesale & retail trade and related services sub-sectors
   - …increase innovation in ICT adoption and creativity

2. Adoption E-Commerce & E-Payment
   - …increase productivity and efficiency of operation
   - • BAP2.0: Matching grant for Online application, Mobile E-Commerce, E-Payment & ICT Application

3. Automation (Retail Outlets, Warehouses, Supply Chain Mgmt, etc)
   - • Soft loans for ICT (SLICT) was introduced under RMK-8.
   - • SLICT was then merged under Soft Loans for SME (SLSME) in 2010
   - • As at 31 January 2016, RM11.98 million has been approved and RM9.14 million has been disbursed.

4. Mechanisation (Office Equipment & Machinery, etc)
   - …able to reduce foreign unskilled labour with automation & mechanisation via Business Accelerator Programme (BAP)

• Status of GST e-Voucher as at 31 December 2015- RM 92.6 million has been disbursed
Existing ICT/e-business initiatives – ePayment Programme for SMEs

Customer

Merchants/SME

Merchant/SME (Online Business)

Third Party Acquirer (TPA)

Acquiring Bank
Implementation Mechanism:

- Contact Third Party Acquirer (TPA)
- Select Suitable Package
- Rebate / Financial Assistance RM500
# List of Third Party Acquirer (TPA)

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<thead>
<tr>
<th>Third Party Acquirer</th>
<th>Website</th>
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<tbody>
<tr>
<td>ManagePay Services Sdn. Bhd.</td>
<td><a href="http://www.managepay.com">www.managepay.com</a></td>
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<td>E-Pay (M) Sdn Bhd</td>
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<td>MOLPay Sdn. Bhd</td>
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<tr>
<td>Fass Payment Solutions Sdn Bhd</td>
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<tr>
<td>MobilityOne Sdn Bhd</td>
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Details are available at [www.smecorp.gov.my](http://www.smecorp.gov.my)
Target Group

Pasar Tani

Direct Selling Agent

Online Business

Hawkers

Insurance Agent

Teksi1M
Holistic Capacity Development Programme through Business Accelerator Programme (BAP 2.0)

- Diagnose and identify strengths & weaknesses of SMEs
- Business advisory and recommend action plan

Create critical mass of dynamic, competitive & resilient SMEs

- SMEs 2-star (SCORE) and above
- Micro Enterprises of level 3 & below (M-CORE)

Programme-based

- Capacity Building
  - Enhance capabilities of SMEs through improvement activities which partly funded under the grant scheme
- Financial Assistance
- Monitor & Evaluate

In collaboration with

BAP: Business Accelerator Programme
E²: Enhancement & Enrichment Programme
Component & Eligibility Under BAP 2.0 for SMEs

Online Applications, Mobile e-commerce, e-payment & ICT applications

- Development of eCommerce modules on existing website (e.g. shopping cart) with maximum grant of RM10,000
Way Forward ...by stepping-up collaboration with Ministries & Agencies and ICT solution providers on e-business adoption

...a culture of adopting e-business amongst SMEs

ICT Adoption Among SMEs

Broadband and IT solution providers
- Microsoft
- MIMOS (IoT)
- Telekom Malaysia
- Maxis, Digi, Celcom, etc
- PayPal
- Google
- etc

Government Agencies
- SME Corp. Malaysia
- MDeC
- MCMC
- KPDNKK
- etc

Industries (Verticals)
- Wholesalers (B2B)
- Retailers (B2C)

E-Shop Providers
- MDEX.my
- Lelong.com.my
- eBay Malaysia
- Etc.

SME Corp Role – eCommerce Roadmap:
- Increased promotion / marketing of eCommerce to SMEs;
- Increased scale & effectiveness of eCommerce training for SMEs.