



MITI AEC Open Day 2016

“Opportunities for the business community in the AEC”

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Perdana Hall, MITI Tower.

**Connecting Young Entrepreneurs
in ASEAN**

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ABOUT MAAAYE

- Malaysian Association of ASEAN Young Entrepreneurs or “*Persatuan Usahawan Muda ASEAN Malaysia*”.
- Set up in conjunction with the Malaysian Chairmanship of ASEAN in the AEC formation year of 2015.
- Instrumental component and mandated Malaysian representative in the ASEAN Young Entrepreneurs Council (AYEC), the official voice of ASEAN young entrepreneurs with objectives outlined in the ASEAN Chair Statement 2015.
- Inclusion of youth under the economic pillar by ASEAN Leaders in the Bandar Seri Begawan Declaration 2015.
- Further emphasis for inclusion of entrepreneurship in the ASEAN SME Strategic Action Plan.





OBJECTIVES OF MAAYE

- To facilitate Malaysian Young Entrepreneurs to capitalise on the regional market offerings.
- To emphasise and advocate the importance of the ASEAN Economic Community and what it means for youth.
- To promote access to the regional market by official channels and network.

Mission:

“Propelling Malaysian Young Entrepreneurs towards ASEAN Economic Integration”

Vision:

“To have proactive and industrious members collaborate in making Malaysia the regional start up hub for young entrepreneurs in ASEAN”

ABOUT AYEC



- Official voice of young entrepreneurs in the ASEAN policy-making process.
- Successfully proposed by the ASEAN Business Advisory Council (ASEAN-BAC) to the ASEAN Leaders in 2015. Incubated by ASEAN-BAC.
- Consists of a network of government endorsed young entrepreneur associations from all 10 ASEAN Member States.
- Besides participation in the ASEAN Economic Integration process, AYEC also serves as a young entrepreneurs network, with direct connectivity with the respective national level associations and the ASEAN Secretariat. AYEC is also provided a seat in the ASEAN-BAC Joint Business Council (JBCs), where proposals on young entrepreneurship is officially tabled to the mandated private sector representative.

ASEAN

Young Entrepreneurs



ASEAN



THE AYEK NETWORK

- Network of national ASEAN Young Entrepreneurs Associations:
 1. Young Entrepreneurs Association of Brunei
 2. Young Entrepreneurs Association of Cambodia
 3. Himpunan Pengusaha Muda Indonesia
 4. Young Entrepreneurs Association of Laos
 5. Malaysian Association of ASEAN Young Entrepreneurs
 6. Myanmar Young Entrepreneurs Association
 7. Philippines Young Entrepreneurs Association
 8. Singapore Business Federation
 9. Thailand Young Entrepreneurs Chambers of Commerce
 10. Vietnam Young Entrepreneurs Association



ASEAN YOUTH POPULATION



- Influential demographic of the regional population, with **30% below 20 years old, 50% below 30, and 60% below 40.**
- Young population is another major contrast to the EU, with the **“Greying of Europe”**.
- Shape the consumer market and industry drivers.
- The demographic from which the bulk of entrepreneurs are produced.
- Experiencing a boom in literacy rate.
- Likely to benefit most from integration (market openings, business, investment and employment opportunities).
- Development of existing markets (healthcare, education, trade, services, IT, manufacturing) and latent markets (web, design, remote, etc.).

BENEFITS OF AEC TO ASEAN YOUTH



- Enlarged market/market openings encourage start-ups, business development, access to market with reduced barriers. (embrace market development).
- Additional access to resources (market, capital, goods and services).
- Job creation.
- The inclusion of youth issues from socio-cultural to economic pillar reflects the increased presence of youth in economic activities. (start up and digitalisation culture)
- People to people connectivity enhancement/exposure (broaden understanding to eliminate cross-culture restrictions).
- Self empowerment through entrepreneurship and bigger market.
- New market openings (infrastructure, business start-ups and expansion).
- Extensive economic development.
- MNCs will only invest if there is a large consumer market and efficient production networks. Presently, more than 300 MNCs operate in ASEAN.

AEC REALITY CHECK



- AEC a milestone, not a goal.
- Functions on basis of consensus, not enforced commission – consensus not always easily achieved.
- Still marred with impediments such as NTMs/NTBs.
- Progress on MRAs sluggish.
- Lack of legislative harmonisation.
- ASEAN Secretariat under-funded, bogged down with technical and public-sector policy engagements.
- Policies introduced not always implementable.
- Important to bring AEC closer to the people (**quick-wins**) and reduce disparity between public-private sector expectations (functional integration and people-driven enablers).

BUSINESS CHALLENGES

- **Business Competitiveness.**
- **NTMs/NTBs.**
- **Lack of access to cross-border credit financing.**
- **Lack of skilled labour.**
- **Limitations in ability to develop technology.**
- **Lack of business management skills (book-keeping etc.)**
- **Problems in marketing and distribution channels.**
- **Language skills.**
- **International companies are more prepared to take advantage of AEC.**



ENTREPRENEURSHIP IN ASEAN



- As literacy rates and human capital continue to develop rapidly, entrepreneurship environment is augmented, primarily due to ICT/digital age and monetisation/corporatisation of skills/talents.
- Impediments remain:
 - Access to finance
 - Access to market and regulatory information (awareness)
 - Access and utilisation of technology
- Quick-wins and other enablers can stimulate private sector intra-ASEAN economic activity and increase total ASEAN output.

TOWARDS AN INTEGRATED AND COMPETITIVE BUSINESS REGION

- Essential to identify key enablers and drive demand towards economic integration.
- Functional integration a key element in AEC. People-driven enablers such as ASEAN Language Centre, ASEAN Culture Centre, ASEAN TV Programmes, Internships, ASEAN Travel Pass, ASEAN e-commerce integration.
- Young entrepreneurs drive the lifestyle and social entrepreneurship industries. They overcome NTBs.
- **“If you’re good at it, don’t do it for free.”**
- ICT and innovation as a people-driven enabler, quick-win and demand creating platform.





ASEAN – NEXT BIG THING?

- With rapid urbanisation, ASEAN is one of the fastest growing consumer markets in the world. With a larger population than the EU and 2nd largest labour force in the world, a McKinsey report noted that as of 2014, there are more than 67million ASEAN households in the consuming class, with growth trend projecting this to grow to 125million households by 2025.
- Accenture also made a similar observation, projecting 81million urban households by 2020, more than Boston, London, Madrid, New York and Tokyo combined for that same projected year.
- Accenture also stated that as of 2009, 88% of ASEAN have mobile phones, compared to only 56% in China (not necessarily mobile data or smart phone users).
- **ASEAN is already the 2nd largest community of Facebook users globally, which is highly derived from the growth of internet users in ASEAN from just 20million in 2000 to more than 200million as of 2014.**

ICT UTILISATION IN ASEAN



- Estimated **65% of ICT industry players are below 30 years.**
- ICT in the economy – ICT manufacturing, ICT services, digital presence, **e-commerce (digitalisation of businesses) & digital transformation of businesses.**
- ICT is a major social and economic interruptor. It has changed the way business is managed and conducted.
- **Addresses the lack of access to market information** and promotes utilisation of technology for businesses.
- Potentially provide alternative access to finance options (which is still being regulated in ASEAN).
- **Businesses in ASEAN still lack digital presence (less than 25%),** even less have experienced digital transformation to enhance business operations.
- Promotes monetisation of skills.
- **Retail e-commerce in ASEAN is at 1%,** in comparison to 9%-12% in EU.

E-COMMERCE AS A CATALYST

- The DEI study estimated that the next **billion new consumers will be making transactions over the internet, most coming from the emerging consumers group below the age of 40** (an estimated 60% of ASEAN is below 40, an estimated **25% of ASEAN population have yet to embrace internet usage**, would be interesting to learn the current status and growth trend of internet consumers in ASEAN, likely that CLMV will register numbers from poor transaction infrastructure primarily, and their struggle with **NTBs affect logistics**).
- DEI noted : "The next billion users — fully 25 percent of the current total — will come from the **60 percent of the global population still not digitally connected**"



GREATER ASEAN CONNECTIVITY



- Filtering the top 50 countries of which the 3 billion global internet users come from and where the next billion users are most likely to come from, evaluation of environment such as consumer behaviours, internet and social media savviness, start-up and entrepreneurship culture, access and transaction infrastructure are provide interesting statistics. CLM and Brunei did not make the top 50, while all 6 RCEP ASEAN+ qualified (China, India, Japan, South Korea, Australia, New Zealand).
- **Malaysia and Thailand are 2nd and 3rd fastest growing e-commerce markets globally since 2008 (only behind China.) 4 ASEAN countries in the top 10. ASEAN doesn't have a single prominently dominant e-commerce entity** - Rocket Internet is the largest e-commerce company in ASEAN but operates under several labels.
- Singapore tops the list for its continuous flow of investment in digital infrastructure.
- The key observation is that the "Cash on Delivery" concept, which the businesses, for the sake of demand are willing to accept and "innovate" business terms due to the environment of high dependency on cash (poor utilisation of banking facilities) even in urban areas. Many have bank accounts in urban ASEAN, but many do not deal with credit/debit cards from poor consumer confidence and credit infrastructure. This COD concept still proves a major drawback in growth rate, a "disabler" of sorts, set to limit e-commerce activity to small merchant transactions and away from higher value transactions.

CONCLUSION

- **ASEAN faces many challenges towards integration, but have shown significant progress and bright future.**
- Emerging concerns such as infrastructure, sustainable development, IP and consumer protection will mature the market.
- **ICT and technology acts as a catalyst for market connectivity and internationalisation of Malaysian businesses.**
- Youth in ASEAN are an important component in shaping the economic landscape, and timely emergence with the development of a regional start up ecosystem.
- **With official inclusion of the plight of youth in business, the AYEC has the potential to integrate the young in ASEAN.**
- Imperative that there continues to be significant investment in ASEAN human capital.
- **Malaysia should be able to capitalise on this due to the many advancements and advantages.**

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