WELCOMING REMARKS
YB DATO' SRI MUSTAPA MOHAMED, MITI MINISTER

MALAYSIA DIGITAL ECONOMY FORUM #MyDEF 2018

"Transforming Business & Society through eCommerce"
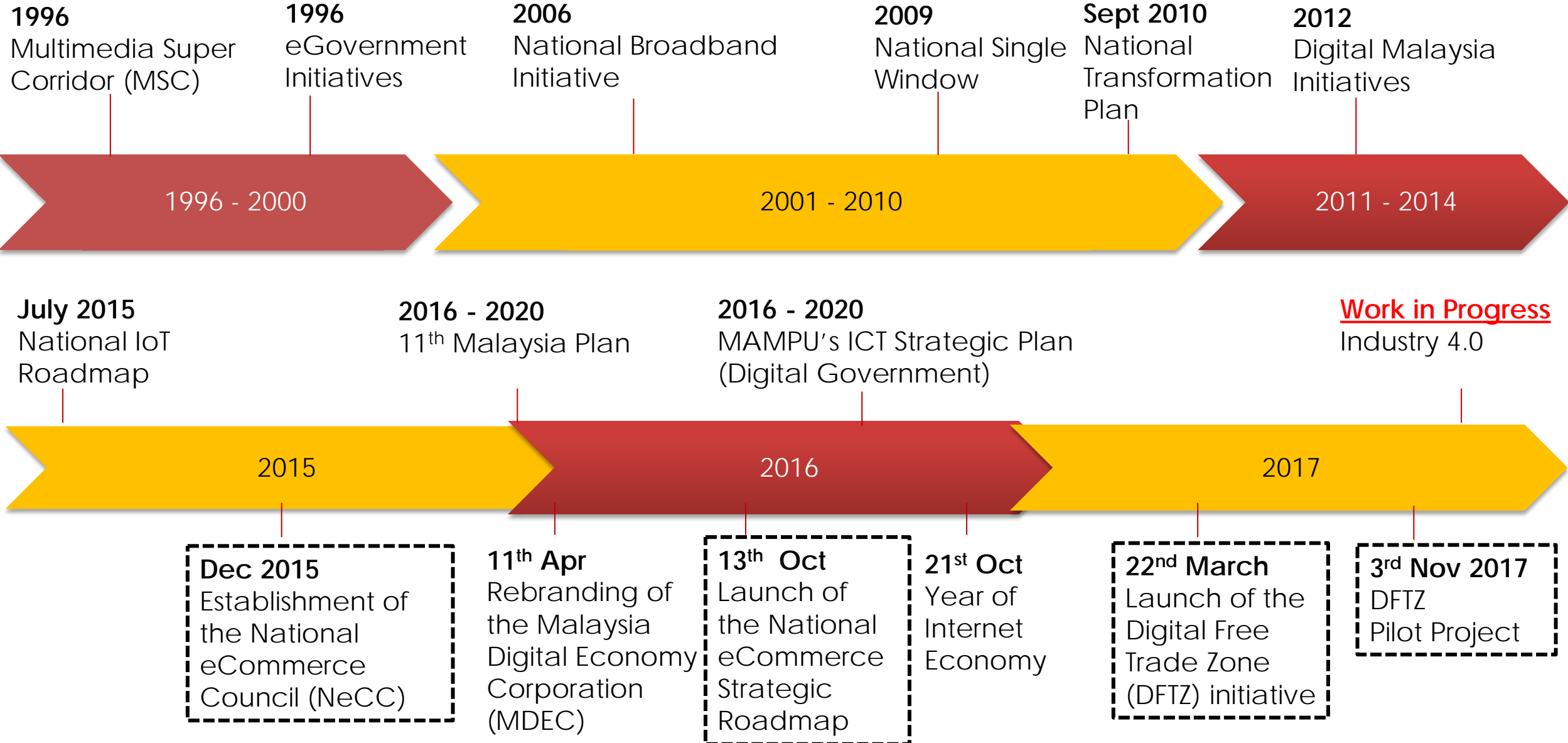
8 FEBRUARY 2018 (THURSDAY) |
9.00 A.M. – 5.00 P.M |
PERDANA HALL, LEVEL 1,
MITI TOWER

OBJECTIVES

(i) Heighten **excitement** and **spur interest** among **stakeholders** towards **Malaysia's future digital economy**;

(ii) Reach out to stakeholders including SMEs along the value chain on the **importance** and **opportunities** of **digitisation** for business;

(iii) Increase **awareness** on recent trends, Government initiatives and private sector driven programmes to encourage **greater participation** in the **digital economy, including eCommerce**; and

(iv) Encourage **more SME-participation** in cross-border eCommerce with emphasis on **exports** into global markets.

MALAYSIA'S DIGITAL TRANSFORMATION

1996
Multimedia Super Corridor (MSC)

1996
eGovernment Initiatives

2006
National Broadband Initiative

2009
National Single Window

Sept 2010
National Transformation Plan

2012
Digital Malaysia Initiatives

1996 - 2000

2001 - 2010

2011 - 2014

July 2015
National IoT Roadmap

2016 - 2020
11th Malaysia Plan

2016 - 2020
MAMPU's ICT Strategic Plan (Digital Government)

Work in Progress
Industry 4.0

2015

2016

2017

Dec 2015
Establishment of the National eCommerce Council (NeCC)

11th Apr
Rebranding of the Malaysia Digital Economy Corporation (MDEC)

13th Oct
Launch of the National eCommerce Strategic Roadmap

21st Oct
Year of Internet Economy

22nd March
Launch of the Digital Free Trade Zone (DFTZ) initiative

3rd Nov 2017
DFTZ Pilot Project

THE 2017 IMD WORLD DIGITAL COMPETITIVENESS RANKINGS

MALAYSIA ranks 24
ahead of other countries, including _China_, _Japan_ and _France_

Score	Country
100.000	(1) Singapore 1
95.938	(3) Sweden 2
95.410	(2) USA 3
95.026	(6) Finland 4
94.524	(8) Denmark 5
93.225	(4) Netherlands 6
92.135	(11) Hong Kong SAR 7
91.998	(7) Switzerland 8
91.671	(5) Canada 9
90.790	(9) Norway 10
88.943	(12) United Kingdom 11
87.566	(16) Taiwan 12
86.662	(13) Israel 13
85.238	(10) New Zealand 14
85.006	(14) Australia 15

Score	Country
84.121	(19) Austria 16
84.108	(15) Germany 17
83.147	(25) UAE 18
82.961	(17) Korea Rep. 19
82.874	(21) Luxembourg 20
82.873	(20) Ireland 21
80.771	(18) Belgium 22
80.487	(26) Iceland 23
79.944	(24) Malaysia 24
78.810	(22) France 25
78.458	(27) Estonia 26
78.094	(23) Japan 27
76.082	(28) Qatar 28
75.021	(29) Lithuania 29
72.091	(30) Spain 30

SOUTHEAST ASIA (SEA) e-ECONOMY REPORT
(by Google - Temasek)

SEA ahead on its way to be **a USD200 bil internet economy** by 2025.

SEA's <u>internet economy</u> is expected to hit **SGD50** bil in 2017.

330 mil
monthly internet users in SEA in 2017 (**additional 70 mil** users since 2015)

eCommerce transactions hit almost **SGD11 bil** in 2017 (**+ 41%** since 2015)

SEA's
7 internet unicorns
(over SGD1 bil valuation)

>90%
of SEA's internet users are on **Smartphones**
Spent average **3.6 hours daily** on mobile internet
(the **MOST** in the **WORLD**)

SEA internet users spend **140 minutes/ month**
on eCommerce platforms that help SME retailers reach new consumers online

MALAYSIA : eCOMMERCE CONTRIBUTION TO GDP

2016
6.1% (RM74.6 bil)
2015
5.9% (RM68.3 bil)

2016 National GDP
RM1,230.1 bil
(2015 : RM1,157.1 billion)
Source: ICTSA 2016 & 2015, DOSM

NATIONAL eCOMMERCE COUNCIL (NeCC)

> **Chairman** : MITI Minister
> **Joint Secretariat** : MITI & MDEC
> **Membership** : 25 Ministries & Agencies

ROLE OF THE COUNCIL

(i) Strategic plans & initiatives to **develop Malaysian eCommerce ecosystem**

(ii) Oversee implementation of the **National eCommerce Strategic Roadmap** (NeSR)

(iii) Address issues related to the eCommerce ecosystem

(iv) Strengthen **cooperation & coordination** between Ministries, agencies and industry

NATIONAL eCOMMERCE STRATEGIC ROADMAP (NeSR)

By 2020
- ❖ Double eCommerce growth **> 20.8%**
- ❖ Enhance eCommerce GDP contribution **> RM211 bil**

13 PROGRAMMES DRIVEN BY 10 PROGRAMME LEADS

MITI	MOF	KPDNKK	MOSTI	KKR
SME CORP MALAYSIA	MIDA Malaysian Investment Development Authority	MATRADE		SKMM

NeSR INITIATIVES

Seller Adoption

1. Increased promotion and marketing of eCommerce to SMEs
2. Augment scale & effectiveness of eCommerce training & talent development
3. Establish one-stop eBusiness resource for SMEs
4. Nurture select sub-sectors and promote them in key global markets

Led by : SMECORP MALAYSIA   MATRADE

eProcurement

1. Adoption of eProcurement for statutory bodies, MKD companies
2. Define threshold spend through eProcurement by statutory bodies and MKD companies
3. New initiative on eKerja led by KKR

Led by :   MOF   KKR

Enablers (Logistics and Fulfilment)

1. Transform Malaysia's last-mile industry with best-in-class capabilities
2. Transform Malaysia into a regional eFulfilment hub
3. Reduce border clearance lead-time for parcel (inbound and outbound)

Led by :   MITI   MCMC   MIDA

Consumer Awareness & Trust

1. Increase consumer rights awareness and redress channels
2. Foster confidence in the use of online payments for e-commerce transactions*
3. Strengthening the eCommerce ecosystem through adoption of open innovative technologies, related standards and cyber security

Led by :   KPDNKK   MOSTI

ROLE IN DRIVING THE NATIONAL eCOMMERCE AGENDA

MITI

(i) National eCommerce Council (NeCC)
(ii) Implementation of the National eCommerce Strategic Roadmap (NeSR)
(iii) Trade facilitation measures
(iv) DFTZ SME Onboarding and Process Improvement initiatives
(v) International for a (WTO, ASEAN, APEC, FTAs)

MDEC

(i) Digital economy agenda, including eCommerce
(ii) Programmes (#MYCYBERSALE, #YOUCANDUIT, eLADANG, eUSAHAWAN)
(iii) Free Trade Zone (DFTZ) Initiative

KPDNKK

(i) Increase consumer rights awareness and redress channels
(ii) Consumer protection legislation

MOT

Implementation of the Logistics & Trade Facilitation Masterplan

MOF

Adoption of eProcurement for statutory bodies and MKD companies

DoSM

Database on digital economy, including eCommerce

MOSTI

Adoption of open innovative technologies, related standards and cyber security

(i) ePayments) for eCommerce transactions
(ii) Awareness and Outreach Programmes

Registration of online businesses

Broadband & ICT infra, including Pusat Internet 1 Malaysia (PI1M)

New regional eFulfilment hubs

(i) Promotion and marketing of eCommerce to SMEs
(ii) Training and education programmes for SMEs
(iii) Business Accelerator Programme (BAP 2.0) and "Go eCommerce"

(i) Cross-border eCommerce awareness & training programmes
(ii) Exports through international eMarketplaces (eTRADE Programme)

NeCC MILESTONE

DFTZ — DIGITAL FREE TRADE ZONE

- ✓ **1,998 SMEs Onboarded** through Alibaba platform
- ✓ **Trade facilitation** initiatives (e.g. Improve **cargo clearance** process from **6 to 3 hours**)

eTRADE

- ✓ Cross-border eCommerce **awareness & training** through collaboration with eMarketplaces (e.g. **Alibaba**, **TradeIndia**, **Amazon**, **eBay**, **Tarad.com**, **MatahariMall**, **JD.com**)
- ✓ **>9,300 companies** trained (**2,240 companies have gone global** through **international eMarketplaces** under MATRADE's eTRADE Programme)

GO GLOBAL

- ✓ **Training and education programme** for SMEs through **collaboration** with **Google**
- ✓ **More than 500 SMEs** trained in 2017

e-Fulfilment Hub

Regional eFulfilment hubs (i.e. **Pos Malaysia** (Shah Alam); **SnT Global Logistics Sdn Bhd** (Iskandar); **YCH Logistics** (**ZALORA's Regional Distribution Hub** in Shah Alam); **FM Global Logistics Sdn Bhd** (Port Klang) and **Xin Hwa Trading and Transport Sdn Bhd**. (Kempas & Pasir Gudang)

Go eCommerce
www.GoeCommerce.my.

- ✓ **Online training for SMEs**
- ✓ **> 10,000 SMEs registered**

MALAYSIA : TOWARDS A CASHLESS SOCIETY

In **2017**, BNM has processed applications from **43 new non-bank players** (increase of 91% compared to the past 2 years)

The **unit cost** for cheque processing by banks **increased** from **RM3 in 2011** to **RM4 in 2016** (estimate : **RM6 by 2020**)

Globally, the size of the **payments industry** has **increased** to account for **34%** of **overall banking revenues in 2016.** Projected to become a **USD2 trillion industry by 2020**

Most Malaysians are likely to carry both a **debit card and mobile phones** (**45.4 mil debit cards** and **42.8 mil mobile phone subscriptions**)

Enormous **potential** for the use of **QR codes** (for mobile e-wallet). Out of **24 mil adults** in Malaysia, there are only **12 mil active online banking accounts**.

Key Measures to Promote Migration to e-Payments

- beginning <u>2 January 2021</u>, the **cheque fee** will be <u>increased</u> from <u>RM0.50 to RM1.00</u> and gradually thereafter;

- effective <u>1 July 2018</u>, the **Instant Transfer Fee** of <u>RM0.50</u> would be <u>waived</u> for <u>transactions</u> up to <u>RM5,000 per transaction</u> made by <u>individuals</u> and <u>SMEs</u>; and

- The **Interoperable Credit Transfer Framework** (ICTF) aims to <u>connect</u> both <u>banks and eligible non-bank e-money issuers</u> to ensure <u>reachability</u> of <u>bank accounts and e-money accounts</u>. <u>Customers</u> of both banks and non-banks will soon be able to <u>transfer funds across the network seamlessly</u> by just <u>referencing </u>the <u>mobile</u> and <u>IC numbers</u> of the <u>recipients</u> OR <u>scanning</u> the <u>QR code</u> of the <u>recipients</u>.

WTO Work Programme on eCommerce (Future)

ASEAN Agreement on eCommerce (Work in progress)

Work in progress

MALAYSIA – TURKEY FTA

Work in progress

WORLD'S FIRST DIGITAL FREE TRADE ZONE

THE DIGITAL FREE TRADE ZONE (DFTZ)

One of the initiatives under the **National eCommerce Strategic Roadmap** (NeSR)

VISION	KEY OBJECTIVES
DFTZ is the eCommerce window to the world for ASEAN SMEs and the preferred gateway of choice for global brands and marketplaces into ASEAN	**Enable Malaysian SMEs to Export** **Position Malaysia as a regional hub for eCommerce logistics**

Double the growth rate of SME's goods exports to **US$38 Billion** by 2025

Create **60,000** jobs by 2025

Facilitate **US$ 65 Billion** of goods movement by 2025

Physical

E-fulfillment hub
- Warehouse
- Logistics
- Customs

Satellite Services
KL Internet City
- Training
- Regional HQ
- FSI Services

Virtual

DFTZ E-Services Platform
- E-Services platform
- Interface with services from agencies & private sector

YAB PM's First Meeting with Jack Ma in Beijing
(4 Nov 2016)

"Alibaba founder Jack Ma, the newly-minted digital economy adviser to the Malaysian Government, is "very excited" over the new task given to him." – The Star, Nov. 4, 2017

Launch of the DFTZ in Kuala Lumpur
(22 March 2017)

**DFTZ Pilot Project
(launched by YAB PM & Jack Ma)**
(3 Nov 2017)

DFTZ SME Onboarding Programme

1,998 SMEs onboarded through the **Alibaba.com Platform**

(*Joint Initiative* : MITI, MDEC,
SME Corp, MATRADE & Alibaba Group)

Supported by:

MATRADE's **eTRADE Programme**
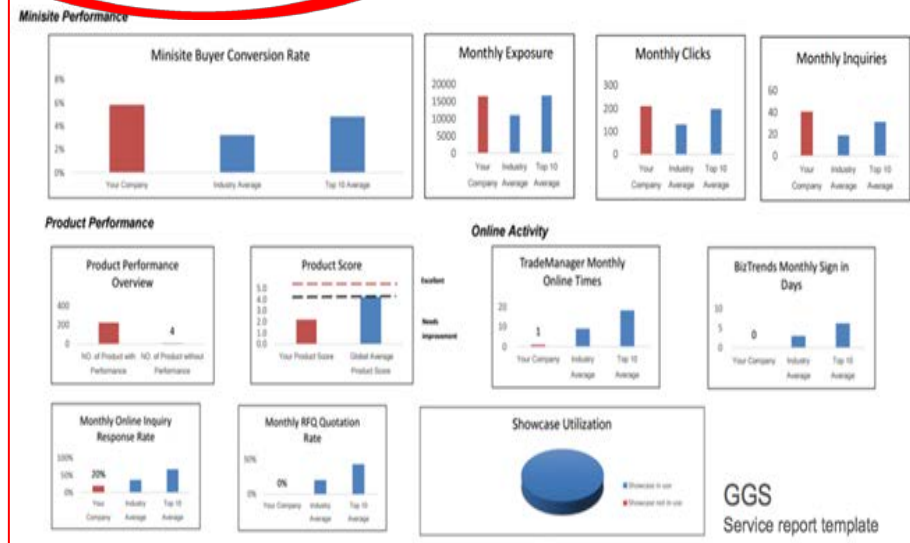
SME Corp's **BAP 2.0**

Open to **all SMEs**

ALL-GENDER

DFTZ SME ONBOARDING
A JOINT EFFORT BY MITI, MDEC, MATRADE, SME CORP & ALIBABA

Onboarding SERVICES
- Mini site design
- Account setting
- Product posting (T&C applied)
- Product showcase suggestion
- Monthly service report
- Yearly basic training
- Yearly advance training

SME → Alibaba.com
- OPERATIONAL REPORT
- MALAYSIAN PAVILION — Promote Malaysian Industries & Products
- SMART MARKETING — Online and Offline matching service
- INTEGRATED PLATFORM
- Access to eCOMMERCE TALENT — Trained talent pool and intern

Enhanced Marketing SERVICES (Only for Malaysia)

Operational Report

Minisite Performance
- Minisite Buyer Conversion Rate
- Monthly Exposure
- Monthly Clicks
- Monthly Inquiries

Product Performance
- Product Performance Overview
- Product Score
- TradeManager Monthly Online Times
- BizTrends Monthly Sign in Days

Online Activity
- Monthly Online Inquiry Response Rate
- Monthly RFQ Quotation Rate
- Showcase Utilization

GGS Service report template

Malaysia Pavilion — Dedicated website to Promote Malaysia Industries and Products

Top 5 Popular Malaysian Industries
1. Food & Beverage
2. Agriculture
3. Beauty & Personal Care
4. Furniture
5. Health & Medical

Unique Malaysian products
1. Batik & Songket
2. Traditional health supplements, eg. Gamat
3. Wau Kite
4. Mangosteen
5. Pepper, Nutmeg Oil, etc.
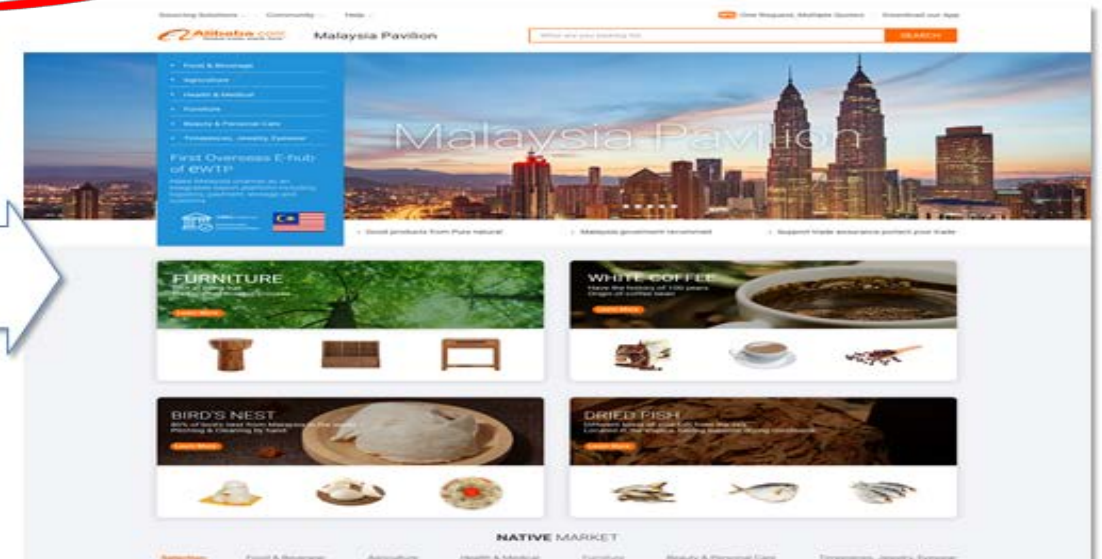
GOING FORWARD

THE DIGITAL FREE TRADE ZONE (DFTZ)

MITI together with MDEC, MATRADE and SME Corp will **monitor export performance** of SMEs to ensure **sustainability** in the **long run**

More concerted efforts to **get more SMEs** to **export** through **DFTZ**

Disprove perception that participation in the DFTZ is **limited** to **certain players**

Encourage other industry players such as **eMarketplaces** and **local and international logistics players** to **participate** in the **DFTZ**