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.
THE 2017 IMD WORLD DIGITAL COMPETITIVENESS RANKINGS

MALAYSIA ranks 24 ahead of other countries, including China, Japan and France
SEA’s internet economy is expected to hit SGD50 bil in 2017.

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

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

>90% of SEA’s internet users are on Smartphones

Spent average 3.6 hours daily on mobile internet (the MOST in the WORLD)

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

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

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

SMECORP MIDA 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, 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, #YOUUCANDUIT, 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
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

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

✓ 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)

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

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)

✓ Online training for SMEs
✓ > 10,000 SMEs registered
In 2017, BNM has processed applications from 43 new non-bank players (increase of 91% compared to the past 2 years).

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.

The unit cost for cheque processing by banks increased from RM3 in 2011 to RM4 in 2016 (estimate: RM6 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 2 January 2021, the **cheque fee** will be increased from RM0.50 to RM1.00 and gradually thereafter;

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

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

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

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

**VISION**

* DFTZ is the eCommerce window to the world for ASEAN SMEs and the preferred gateway of choice for global brands and marketplaces into ASEAN

**KEY OBJECTIVES**

- 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
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)
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
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

Enhanced Marketing SERVICES (Only for Malaysia)

Operational Report

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. Betel & Songket
2. Traditional Health Supplements, E.g., Gamat
3. Wau Kite
4. Mangoes
5. Pepper, Nutmeg, Oil, etc.
GOING FORWARD

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.