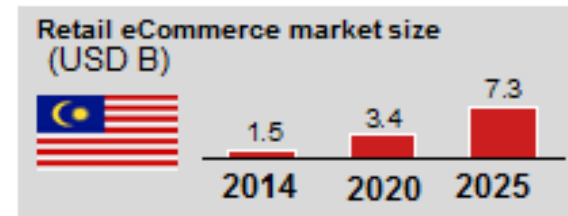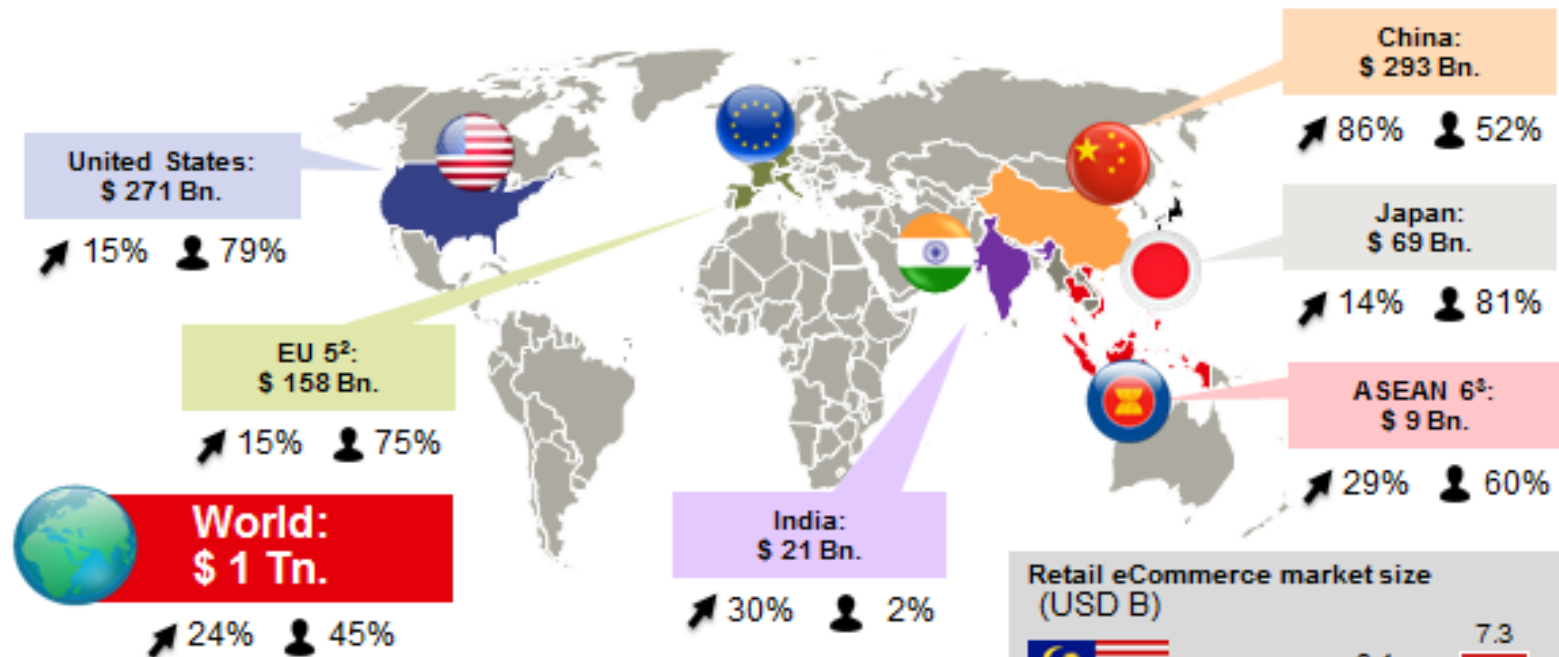# eCOMMERCE IN MALAYSIA

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DEPUTY SECRETARY GENERAL (STRATEGY & MONITORING)
MINISTRY OF INTERNATIONAL TRADE & INDUSTRY, MALAYSIA
16 MARCH 2017

STATISTICS ON eCOMMERCE

eCommerce is growing globally, Malaysia B2C eCommerce market is expected to grow to US$ 3.4 billion by 2020

B2C eCommerce Sales Growth
(2015, USD, % sales growth compared to 2010)

China: $ 293 Bn.
↗ 86% 👤 52%

United States: $ 271 Bn.
↗ 15% 👤 79%

Japan: $ 69 Bn.
↗ 14% 👤 81%

EU 5[2]: $ 158 Bn.
↗ 15% 👤 75%

ASEAN 6[3]: $ 9 Bn.
↗ 29% 👤 60%

World: $ 1 Tn.
↗ 24% 👤 45%

India: $ 21 Bn.
↗ 30% 👤 2%

Retail eCommerce market size (USD B)

2014	2020	2025
1.5	3.4	7.3

$ eCommerce Sales   ↗ Sales Growth   👤 Online Buyer Penetration

1. Retail value RSP excluding sales tax
2. Includes Germany, France, U.K., Italy and Spain
3. Includes Indonesia, Malaysia, Philippines, Singapore, Thailand, Vietnam
Source: Euromonitor, Statistica, A.T. Kearney estimates

STATISTICS ON eCOMMERCE (cont.)

eCOMMERCE CONTRIBUTION TO DIGITAL ECONOMY

2015 eCommerce's share of National GDP

5.9%

RM68.3B

2015 National GDP
RM1,157.1B

7.3%
YoY Growth

eCommerce gross value-added to the national economy sustained at RM68.3B

79%

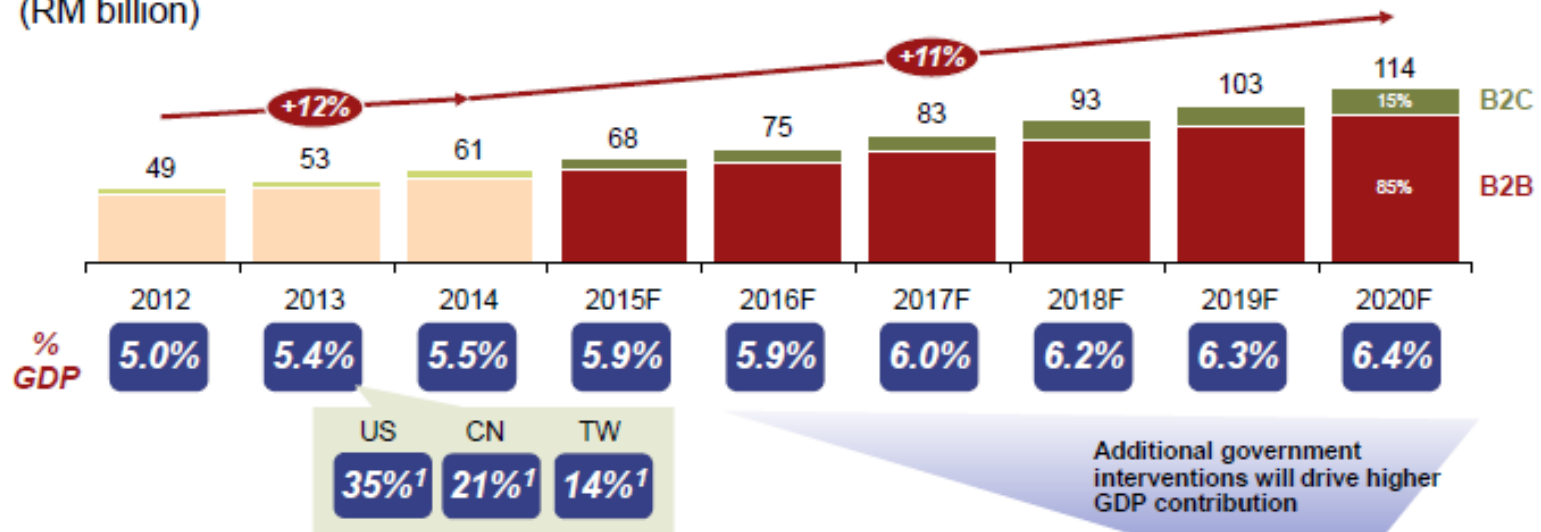eCommerce share coming from non-ICT industries

54.0
RM Billion

Value-added from non-ICT industry using e-Commerce

Source: ICTSA 2015, DOSM

While Malaysian e-Commerce is projected to grow at 11% CAGR, there is potential to double this growth

e-Commerce GDP contribution
(RM billion)

% GDP	2012	2013	2014	2015F	2016F	2017F	2018F	2019F	2020F
	5.0%	5.4%	5.5%	5.9%	5.9%	6.0%	6.2%	6.3%	6.4%

US	CN	TW
35%[1]	21%[1]	14%[1]

Additional government interventions will drive higher GDP contribution

Critical Success Factors

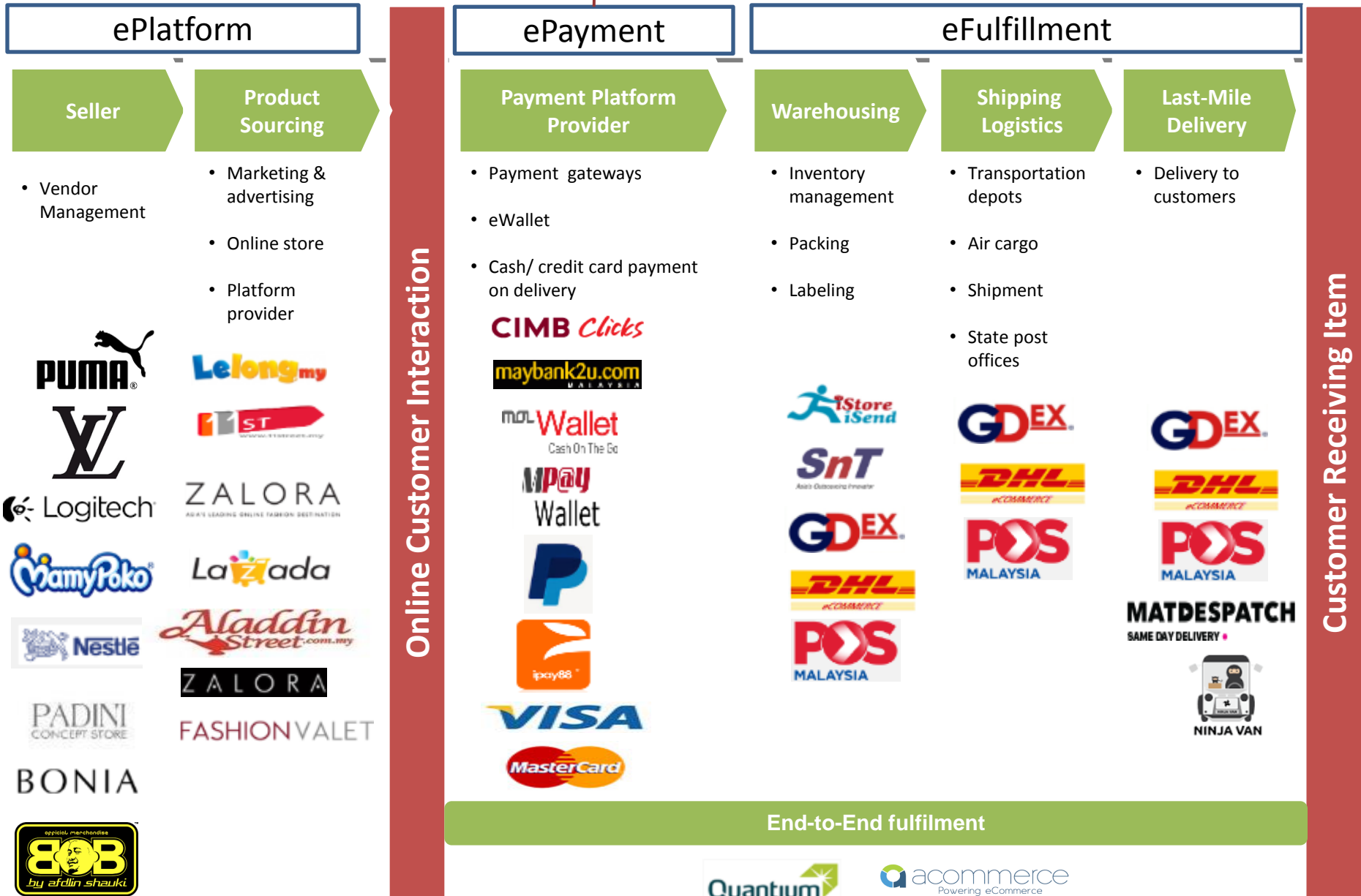| Favorable demographic & economic trends	Ready infrastructure and ecosystem	Specific government interventions

eCOMMERCE VALUE CHAIN

ePlatform

Seller
- Vendor Management

Product Sourcing
- Marketing & advertising
- Online store
- Platform provider

ePayment

Payment Platform Provider
- Payment gateways
- eWallet
- Cash/ credit card payment on delivery

eFulfillment

Warehousing
- Inventory management
- Packing
- Labeling

Shipping Logistics
- Transportation depots
- Air cargo
- Shipment
- State post offices

Last-Mile Delivery
- Delivery to customers

Online Customer Interaction
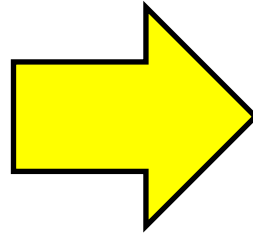
Customer Receiving Item

End-to-End fulfilment

eCOMMERCE INITIATIVES

MORE THAN 40 eCOMMERCE RELATED INITIATIVES/ PROGRAMMES

MORE THAN 20 MINISTRIES/ AGENCIES

eCOMMERCE PROGRAMMES & INITIATIVES

SMEs

	BUSINESS ACCELERATION PROGRAMME 2.0 Provide capacity building initiatives to assist SMEs to grow their businesses locally and abroad
	ePAYMENT FOR SMEs & MICROENTREPRENEURS Increase adoption of e-Payment among micro enterprises & SMEs
	MOUs • With Paypal & eBay (to encourage SMEs to sell online) • With Google (to encourage SMEs to go digital)

HALAL

	eHalal.com Publishing *halal* supplier and product information to buyers worldwide, through eHalal.com's B2B portal and together with parners' B2C portals

eCOMMERCE PROGRAMMES & INITIATIVES (cont.)

TRADE

eTRADE

Accelerate exports by SMEs through participation in international leading marketplaces

- 11street
- DagangHalal
- Alibaba.com
- TradeIndia

- eBay
- Amazon
- JinBaoMen

DIGITAL ECONOMY

#YOUCANDUIT

Encourage Malaysians to generate income via digital platforms (education & training)

#MYCyberSALE#

Encourage SMEs to be part of eCommerce ecosystem & generating online shopping demand

eCOMMERCE PROGRAMMES & INITIATIVES (cont.)

GOVERNMENT

myGovXchange Gateway to Government Electronic Submission and Electronic Payment

AGRICULTURE/COMMODITIES

AGRO BAZAAR Market agro product via online platform by FAMA

MALAYSIAN RUBBER EXPORT PROMOTION COUNCIL (MREPC) MARKETPLACE Link buyers and sellers of rubber products

eMALL@MTIB Online platform for e-books and merchandize

eCOMMERCE PROGRAMMES & INITIATIVES (cont.)

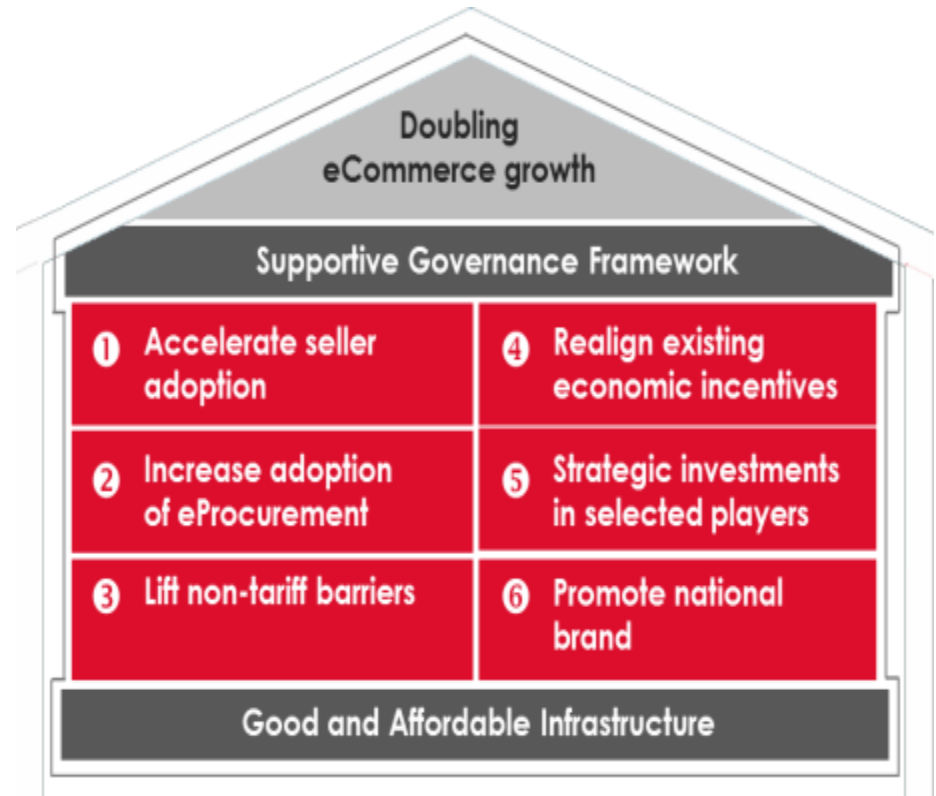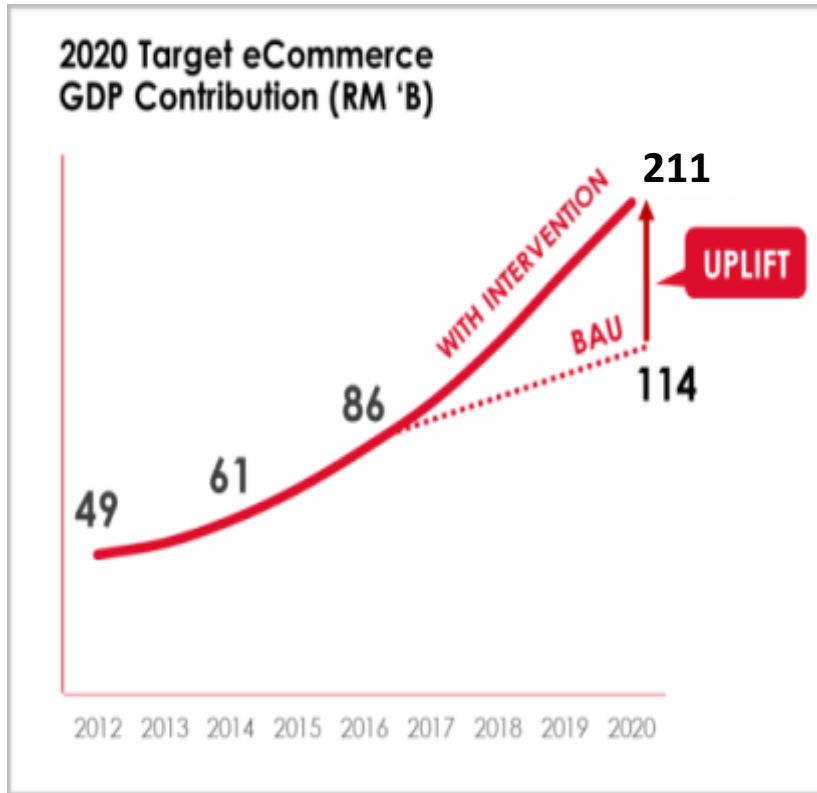| CYBER SECURITY |
|---|
| **Cyber 999**
Avenue for Internet users to report or escalate computer security incidents |

ENTREPRENEURSHIP
ONLINE NETWORKING ENTREPRENEURS (SSM-ONE) Assist entrepreneurs to register their business and sell product online

National Agenda on eCommerce
To Double eCommerce Growth

2020 Target eCommerce GDP Contribution (RM 'B)

211

UPLIFT

WITH INTERVENTION

BAU

114

86

61

49

2012 2013 2014 2015 2016 2017 2018 2019 2020

Source: 2012 – 2013 data from DOSM; 2014 – 2020 data from EPU, MDEC, A.T. Kearney

Doubling eCommerce growth

Supportive Governance Framework

1. Accelerate seller adoption
4. Realign existing economic incentives
2. Increase adoption of eProcurement
5. Strategic investments in selected players
3. Lift non-tariff barriers
6. Promote national brand

Good and Affordable Infrastructure

Establishment of the National eCommerce Council (NeCC)

Formulation of the National eCommerce Strategic Roadmap (NeSR)
Launched on 13 October 2016

NATIONAL eCOMMERCE COUNCIL (NeCC)

NECC Members

1. MITI	12. MAMPU
2. MDEC	13. DOSM
3. MOF	14. MOTAC
4. EPU	15. CyberSecurity
5. MOHR	16. PEMANDU
6. MOSTI	17. MATRADE
7. KKMM	18. MIDA
8. KPDNKK	19. SMECORP
9. MOT	20. HDC
10. KDRM	21. MCMC
11. BNM	

Implementation Council Meeting (ICM)

National eCommerce Council
Chaired by MITI Minister
Joint secretariat MITI and MDEC

eCommerce Consultative Committee
(eCCC, led by MDEC)

ROLE OF THE COUNCIL

✓ Develop <u>policies</u> as well as <u>enhance cross-border strategic plans</u> and initiatives for the development of the Malaysian <u>eCommerce ecosystem</u>;

✓ Oversee <u>implementation</u> of the National eCommerce Strategic <u>Roadmap</u>;

✓ <u>Address issues related to the eCommerce eco-system</u> (e.g. legal environment, infrastructure, technology, standards and certifications, market access, accessibility to finance and knowledge workforce); and

✓ Strengthen <u>cooperation and coordination between Ministries, agencies and industry</u>.

eCOMMERCE AT INTERNATIONAL FORA

- WTO Work Programme on eCommerce
- WTO Moratorium on eCommerce

- APEC Committee on Trade and Investment (CTI)
- APEC Economic Committee (EC)
- APEC eCommerce Steering Group (ECSG)
- APEC Ad-Hoc Steering Group on Internet Economy (AHSGIE)

- ASEAN Work Programme on eCommerce

- Chapter on eCommerce

ENHANCING ASEAN ECONOMIC INTEGRATION THROUGH eCOMMERCE

ASEAN WORK PROGRAMME ON ELECTRONIC COMMERCE

STRATEGIC GOALS

- Harmonised consumer rights and protection laws;

- Harmonised legal frameworks for online dispute resolution, taking into account available international standards;

- Harmonised regulations and standards to facilitate cross-border transactions;

- Inter-operable, mutually recognised, secure, reliable and user-friendly e-identification and authorisation (electronic signature) schemes;

- Coherent and comprehensive frameworks for personal data protection; and

- Seamless and efficient cross-border logistics.

Thank you