

National E-commerce Strategic Roadmap

- The Whole-of-Nation Approach in Driving eCommerce

**Central Asian Governments and Private Sector
E-Commerce Study Tour to Malaysia by USAID & ADB**

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1 About MDEC

WE ARE A ONE-STOP AGENCY DRIVING MALAYSIA'S DIGITAL ECONOMY

Incorporation Date: 5th June 1996

Leading Malaysia's Digital Economy Forward

Malaysia Digital Economy Corporation (MDEC) is the agency under the **Ministry of Communications and Digital** leading the digital transformation of the economy for 26 years.

MDEC will continue to lead Malaysia towards becoming a globally competitive digital nation through the development and execution of the Malaysia Digital initiative, which aims to create substantial digital economic spill-over through equitable access to digital tools, knowledge, and income opportunities.

LEVERAGING KEY DRIVERS OF THE DIGITAL ECONOMY



ATTRACTING DIGITAL INVESTMENTS TO MALAYSIA

- FDI & DDI
- Job Creation
- Putting Malaysia on the global map



CATALYSING GROWTH OF MALAYSIA DIGITAL'S FOCUS SECTORS

- DE Rantau
- eCommerce



DIGITAL INCLUSION AMONG MALAYSIANS

- Kempen SayaDigital
- Digital upskilling
- Business digitalisation
- Empowering freelancers



ENABLING DIGITAL EXPORTS ACROSS INDUSTRIES

- Empowering local talents to become global champions through funding initiative
- Taking businesses to international heights
- Generating more IPs



INTENSIFYING CROSS-BORDER E-COMMERCE

- National e-Invoicing Initiative
- Digital Trade



ACCELERATE ADOPTION OF ESG AMONG SMES

- Sustainability framework for investments
- Targets to achieve ESG compliant portfolio and carbon neutral operations



DRIVING EXPANSION OF THE ISLAMIC DIGITAL ECONOMY

- IDE (potential/opportunities)
- Halal industry
- Islamic Fintech

2 **National E-Commerce Strategic Roadmap**

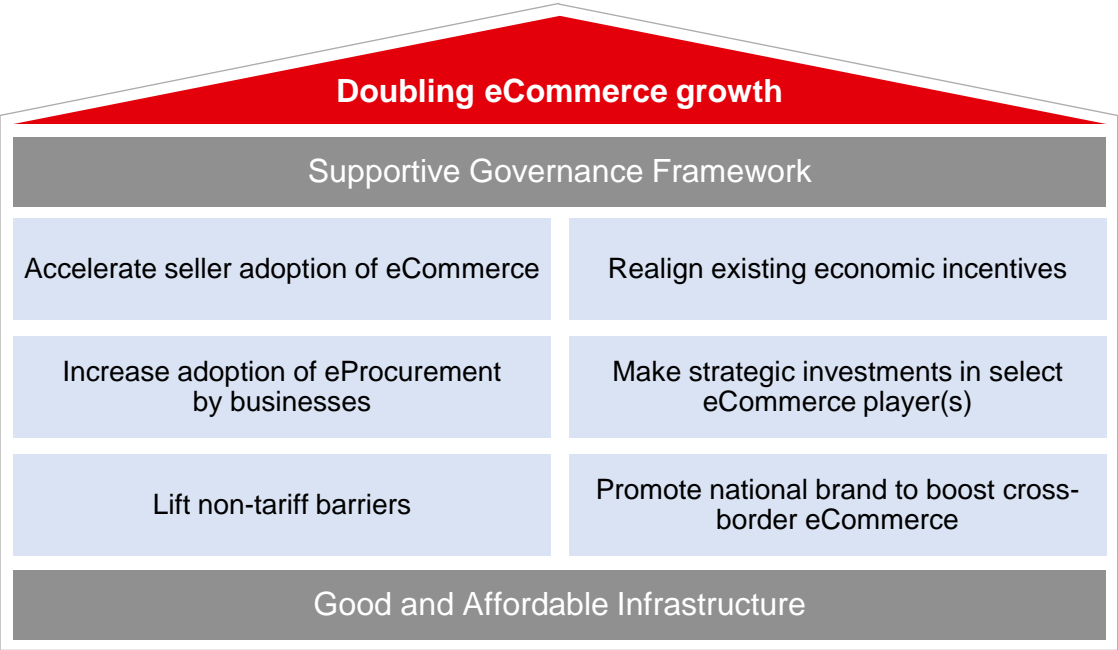
National E-Commerce Strategic Roadmap 1.0 (2017 – 2020)



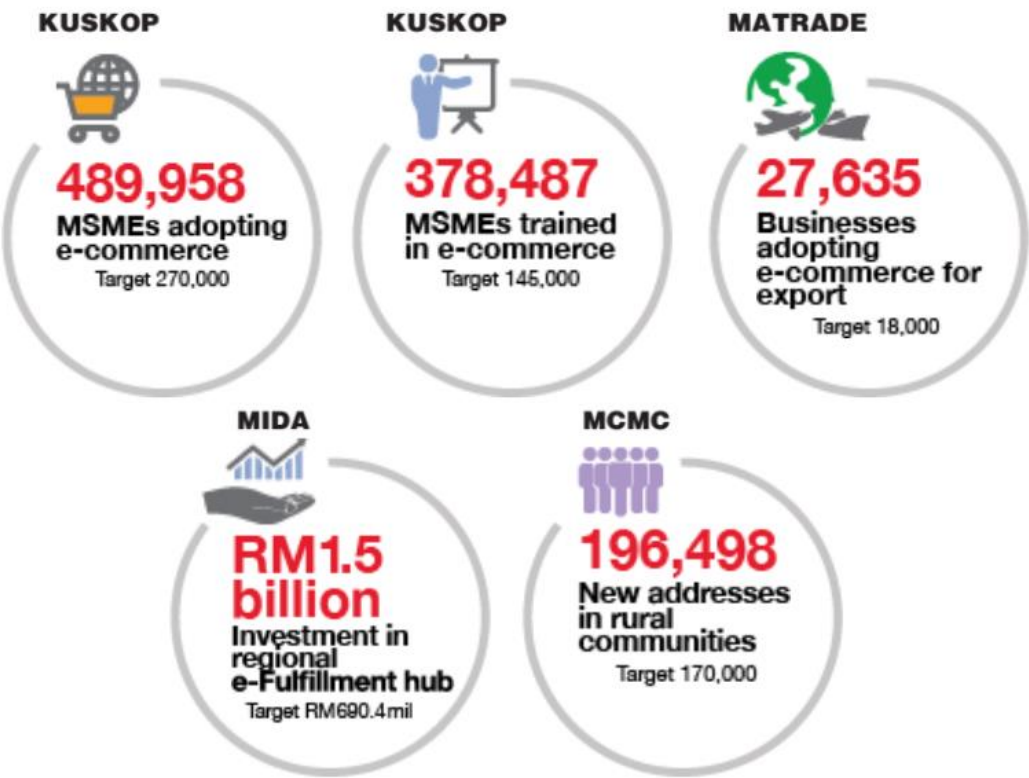
NESR 1.0 was developed in 2016 when Malaysia’s e-commerce was at nascent stage

2016 e-commerce contribution to GDP was **RM96 billion (6.1%)**

The roadmap outlined key Government interventions to accelerate the growth of e-commerce in Malaysia from 2017 to 2020, through various programmes under the 6 Strategic Thrusts built on good and affordable infrastructure and supportive governance framework



Key Achievements under NESR 1.0

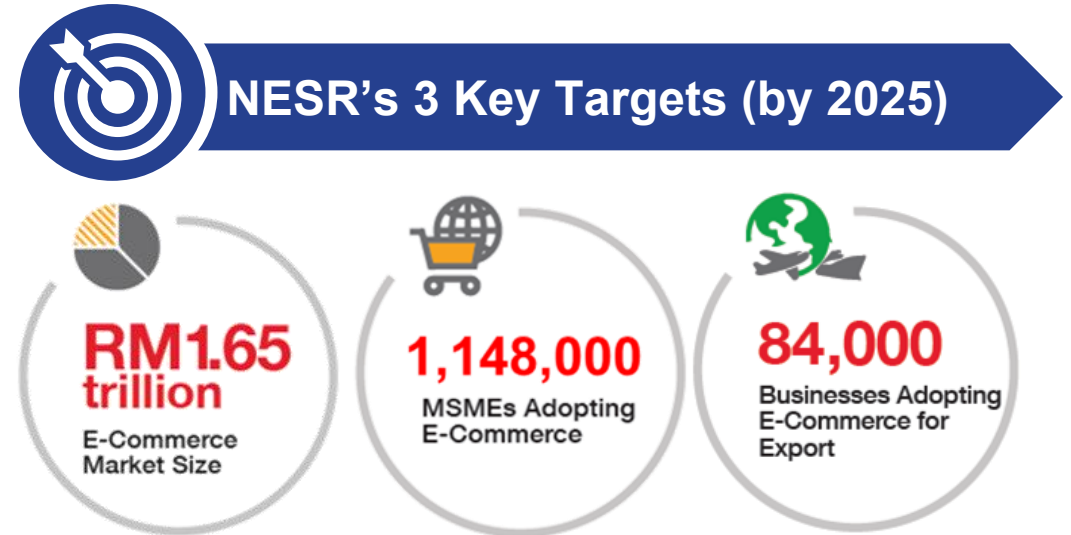
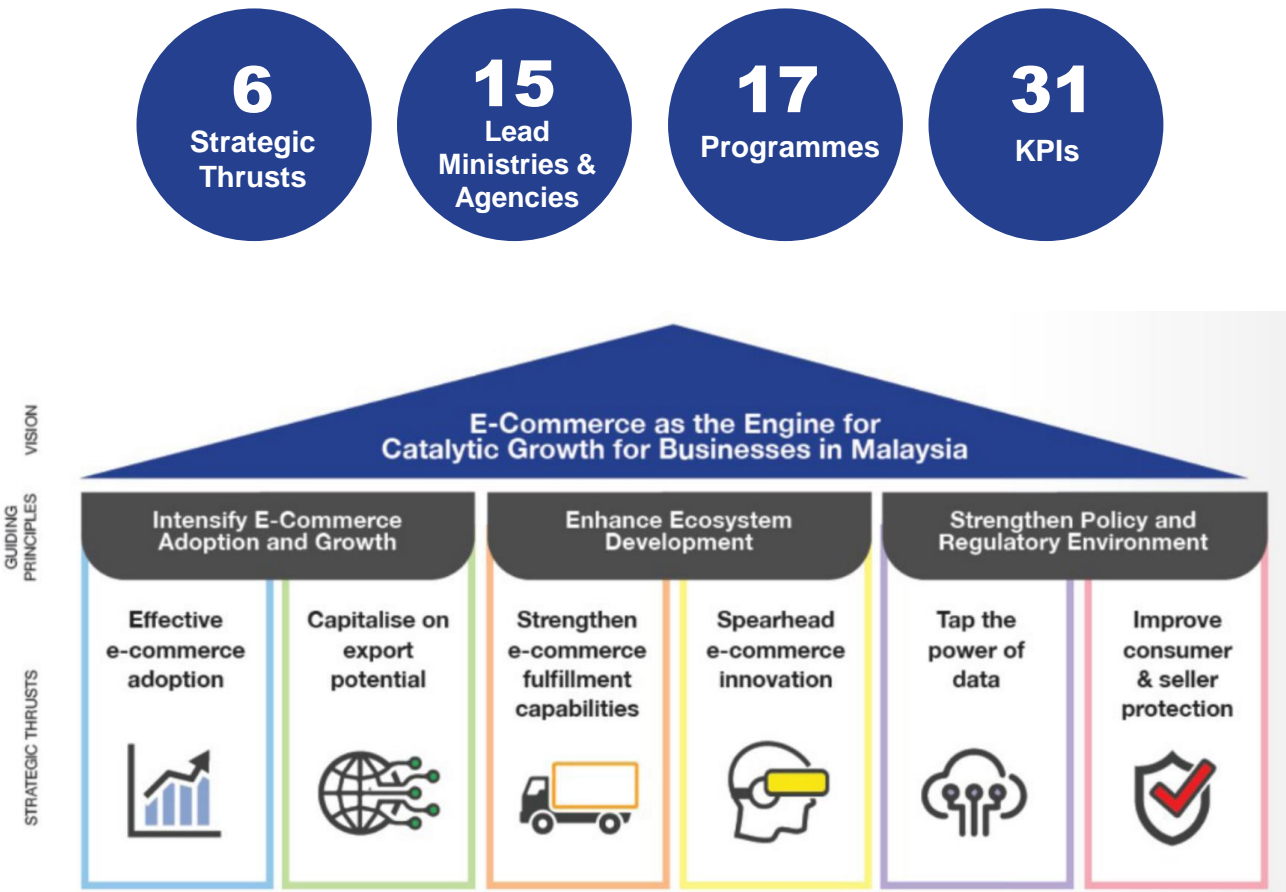


Source: Ministry of Entrepreneur Development and Cooperatives (KUSKOP), Malaysia External Trade Development Corporation (MATRADE), Malaysian Investment Development Authority (MIDA), Malaysian Communications and Multimedia Commission (MCMC)

National E-Commerce Strategic Roadmap 2.0 (2021 – 2025)



- Driven as **whole-of-nation collaborative approach** between the public and private sectors to enhance and accelerate growth of Malaysia's e-commerce ecosystem
- **Endorsed by MED4IRN Council** chaired by YAB Prime Minister on 22 April 2021



- From 2021 to 2025, NESR envisions e-commerce as the engine for catalytic growth for businesses in Malaysia. It is guided by **3 Guiding Principles** via **6 Strategic Thrusts** with **17 Programmes**
- Collaboration between **multiple stakeholders across the public and private sectors** to drive the advancement of the e-commerce industry to achieve the target set

National E-Commerce Strategic Roadmap 2.0 (2021 to 2025)

KUSKOP

- 1** Build capabilities of eCommerce businesses in selected industries and leverage eCommerce enablers to increase conversion among local businesses

MITI

- 2** Develop and implement a national brand for Malaysian products based on a data-driven eCommerce export strategy
- 3** Facilitate market access and generate demand for Malaysian products abroad

MOSTI

- 4** Incubate and strengthen eCommerce innovation value chain ecosystem

KKD



- 5** Facilitate demand generation among eCommerce consumers
- 6** Develop local digital talent in eCommerce ecosystem
- 7** Enhance the 1-stop resource center for eCommerce training, regulations and incentives
- 8** Facilitate adoption of sharing economy models in the logistics sector
- 9** Facilitate nationwide adoption of eInvoicing on an interoperability framework

MITI **STANDARDS** MALAYSIA

- 10** Standardise data exchange formats to facilitate efficiency in goods delivery

KKD

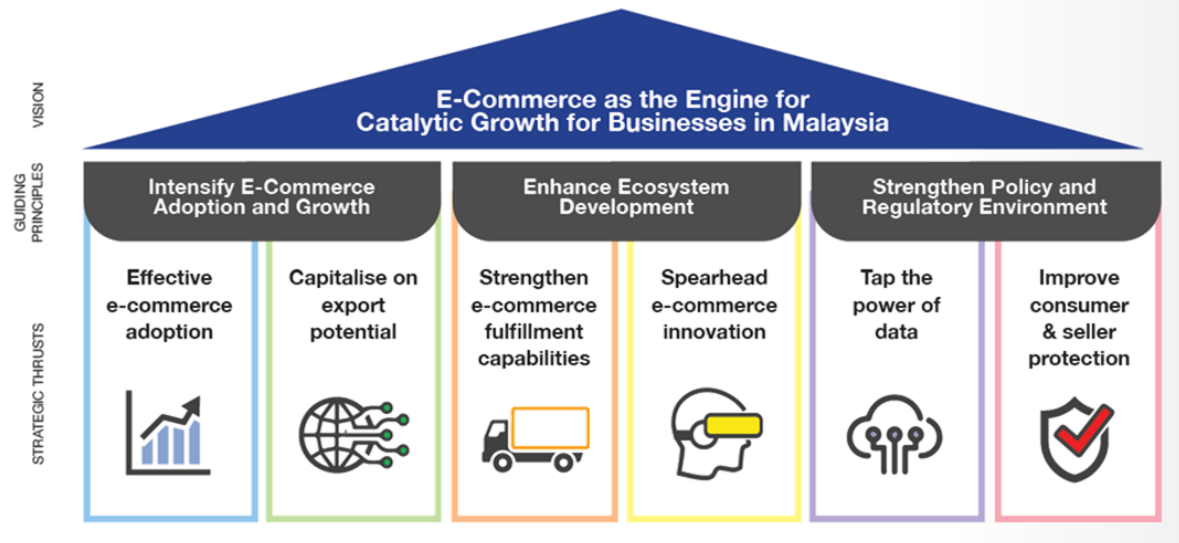
- 11** Develop performance and operational standards for postal and courier service firms

MOT

- 12** Improve Malaysia's regional performance and competitiveness in logistics

MITI **MIDA**

- 13** Attract investments to facilitate expansion of logistics service offerings and coverage



MITI

- 17** Enhance seller competitiveness and improve consumer trust and confidence through SIRIM Trusted Mark Scheme

DOSM

- 16** Establish data repository with predictive and analytics capabilities for eCommerce stakeholders

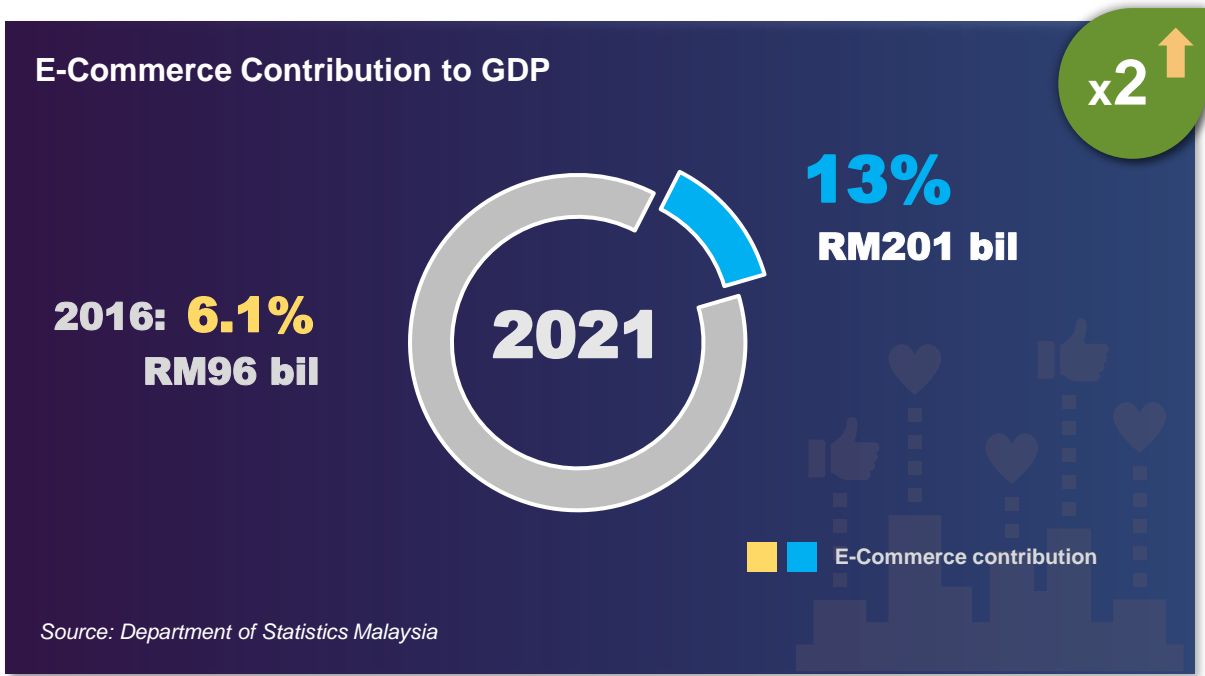
KPDN

- 14** Review existing legislation relevant to eCommerce and drive greater enforcement
- 15** Improve promotional efforts for usage of trust mark schemes

Malaysia's Overall E-Commerce Performance

E-Commerce Contribution to GDP

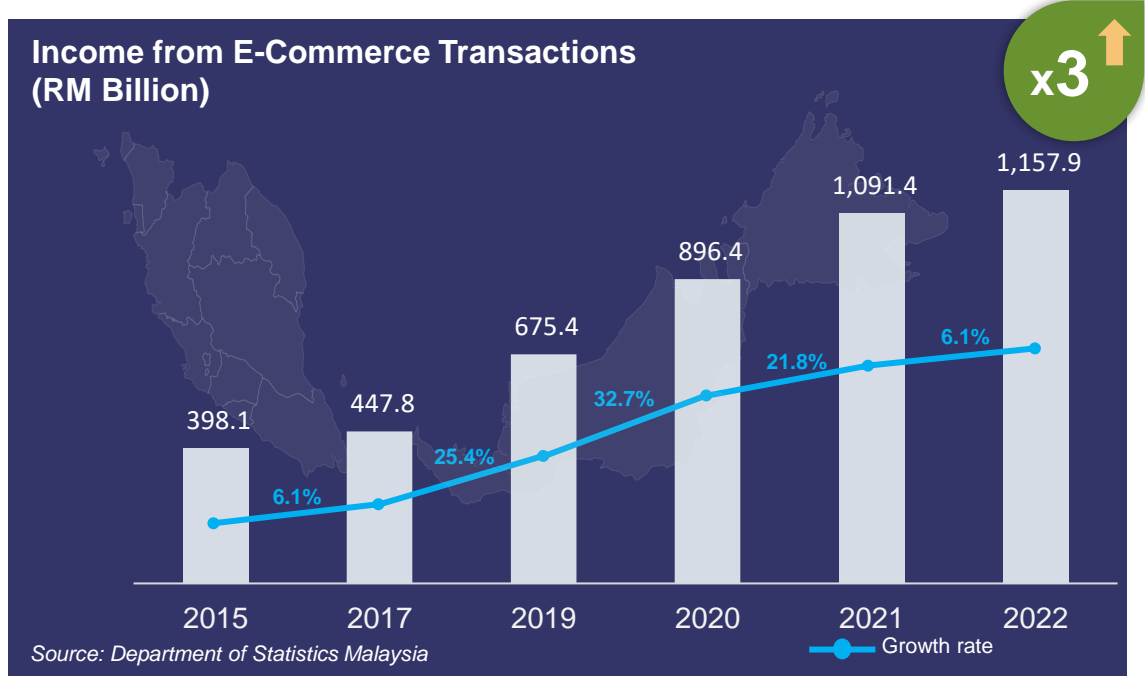
- E-Commerce contribution to GDP has grown steadily over the duration of NESR 1.0 and NESR 2.0 between 2017 - 2021
- The sector's contribution has **risen from 6.1% of GDP in 2016 to 13% in 2021**



Source:
Information and Communication Technology Satellite Account 2021 and 2016 2020 published by DOSM

Income from E-Commerce Transactions

Malaysia's Income from E-Commerce transactions exceeded **RM1 trillion** for the very first time in **2021**, a growth of 21.8% as compared to RM896.4 billion in 2020`



Source:
1 - Usage of ICT and E-Commerce by Establishment (ICTEC) 2020 published by DOSM
2 - Quarterly Services Survey (QSS) 2021 – Q4 2022 published by DOSM

Key Achievements as at end of 2022

2022 Achievement



2021: RM1,091.4 Bil

RM1,157.8 Bil

Total income of e-commerce transactions for the year 2022



2025 Target

RM1.65 trillion

E-Commerce Market Size



2021: 890,291

1,126,047

*Cumulative number of MSMEs adopting e-commerce from 2016 to 2022



2025 Target

1,148,000

MSMEs Adopting E-Commerce



2021: 77,733

91,077

Cumulative number of businesses exporting via e-commerce from 2017 to 2022



2025 Target

84,000

Businesses Adopting E-Commerce for Export

*MSME Adopting E-Commerce

"MSMEs" include registered businesses & individuals in informal sectors. The data is consolidated from numbers submitted by respective agencies and a single MSME may be participating in more than 1 programme, as reported by KUSKOP as the Programme Lead

Cumulative from 2016 to 2022

2016: 130,000

2016 2017 2018 2019 2020 2021 2022

Source: KUSKOP

1,126,047

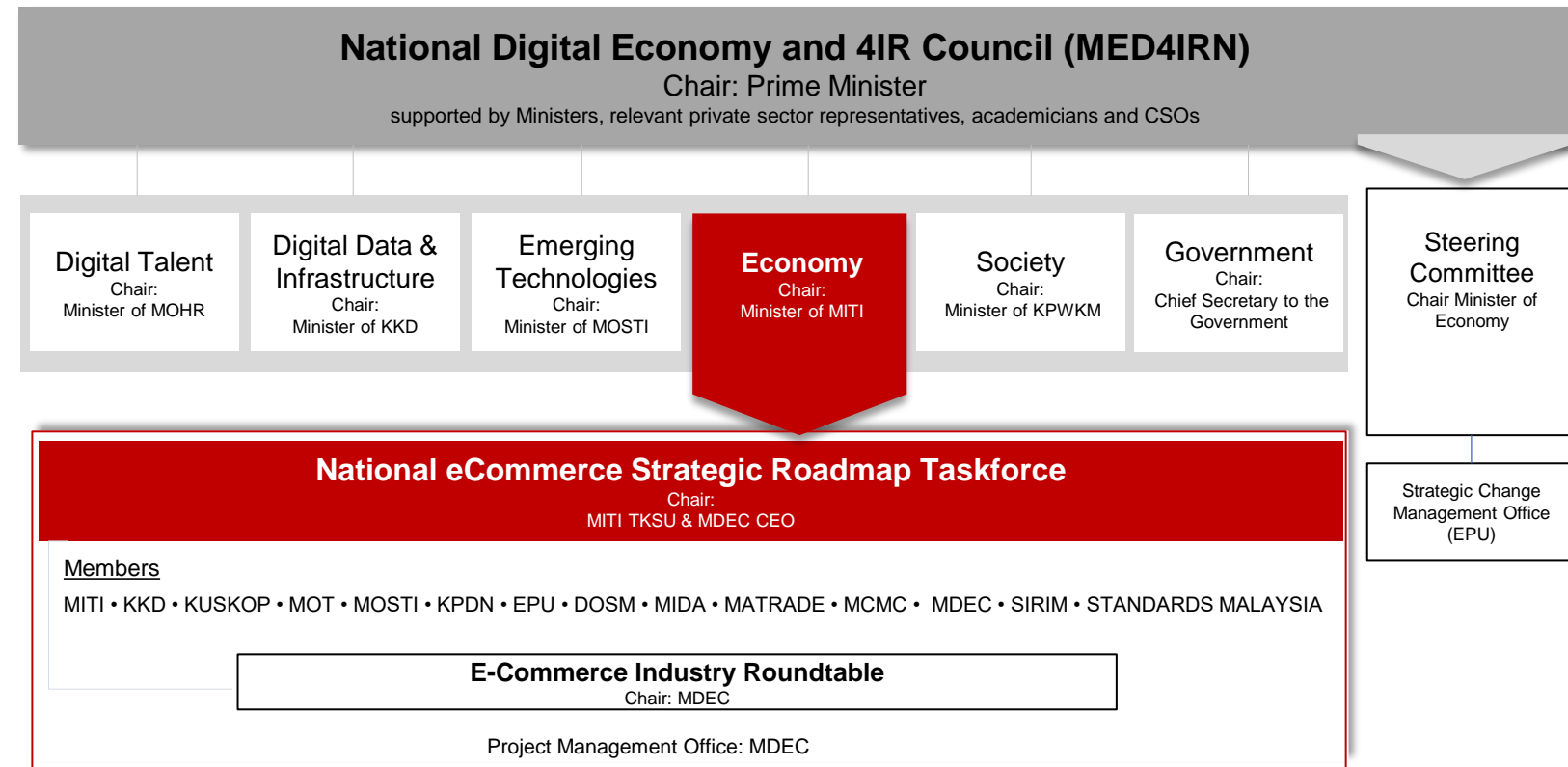
Trendline

An inclusive approach is taken under NESR 2.0 by including those in the informal sector who are currently selling via e-commerce. In this regard, the term "MSME" under NESR 2.0 is expanded to also include micro entrepreneurs and individuals.

Based on "Guideline on SME Definition" issued by SME Corp. Malaysia, "SME" refers to:

- Locally incorporated under the Companies Act 2016 (replaced Companies Act 1965)
- Registered under the Registration of Business Act (1956) or Limited Liability Partnerships (LLP) Act 2012
- Registered under respective authorities or district offices in Sabah and Sarawak
- Registered under respective statutory bodies for professional service providers

To strengthen cooperation and coordination between Ministries, agencies and industry to ensure the effective implementation of strategies and action plans of the National E-Commerce Strategic Roadmap, the **NESR Taskforce** has been established as part of the Economy Cluster under the National Digital Economy and 4IR Council (MED4IRN)



NESR Taskforce

Oversight established under the Economy Cluster of the MED4IR structure to provide strategic direction, align interdependencies, strengthen cooperation and coordination between the relevant ministries, agencies and industry to drive the implementation of NESR.

The NESR Project Management Office

MDEC has been tasked as the Project Management Office for overall NESR implementation, including:

- 1** To coordinate and update the overall status to the **NESR Taskforce**. In addition, the NESR Dashboard is developed to monitor the progress of 31 KPIs across 17 NESR programmes
- 2** To facilitate coordination and intervention in the implementation of NESR programmes
- 3** To promote industry participation under the NESR and foster collaboration between the industry and the Government through regular **E-Commerce Industry Roundtables** and **NESR Labs**



National E-Commerce Strategic Roadmap (2021 to 2025)

Driven as whole-of-nation collaborative approach between the public & private sectors

Promote **industry participation** under the NESR and foster collaboration between the industry and the Government, through regular **E-Commerce Industry Roundtables** and **NESR Labs**



E-Commerce Industry Roundtable is a focused and thematic forum to facilitate sharing of best practices by the industry and highlight opportunities for private-public collaboration.



NESR Labs are organised as ideation workshops to stimulate ideas and suggestions aimed at enhancing the e-commerce ecosystem in Malaysia and identifying areas for collaboration between the industry and the Government.

3 Discussion

DISCUSSION

To explore possible synergy and potential areas of collaboration aligned towards catalysing the E-commerce and broader Digital Trade ecosystem of our respective countries

Thank you

For more information on NESR, please go to: <https://mdec.my/nedr>

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  Malaysia Digital Economy Corporation