MALAYSIA'S DIGITAL TRANSFORMATION: MALAYSIA DIGITAL ECONOMY BLUEPRINT AND THE NATIONAL 4IR POLICY

Strategic Change Management Office (MyDIGITAL Corp)
Economic Planning Unit
Prime Minister’s Department

24 NOVEMBER 2021
Our journey began with the establishment of the MSC
Malaysia declined 5 places in global digital rankings over past 5 years

<table>
<thead>
<tr>
<th>Country</th>
<th>2020 rank</th>
<th>2015 rank</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
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<td>-1</td>
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<tr>
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<tr>
<td>Canada</td>
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<td>-12</td>
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1. Ranking can be decomposed by 3 factors: Knowledge, Technology, Future Readiness

Source: IMD Digital Competitiveness Rankings 2019
Not because we are backsliding....

**Connectivity**
- 91.7% households have internet connections (2020)
- 135.7% mobile cellular penetration (Q1, 2021)
- 40th in Speedtest Global Index with fixed broadband (2020)
- 83.3% time mobile users spend on 4G (2020)

Household access to broadband (2020) (%)
- Mobile: • Urban: 88.8 • Rural: 82.1
- Fixed: • Urban: 39.2 • Rural: 12.9

**Activities**
- 81% Malaysians are active on social media (2020)
- 3rd in SEA in ride-hailing utilisation (2019)
- 66% of internet users use mobile banking (2019)
- 47th Malaysia’s ranking in the UN-EGDI (2020)

**e-Commerce**
- 8.4% - eCommerce contribution to GDP in 2020
- Food, travel, clothing, cosmetics, perfumes and sports the most popular categories in eCommerce

**Digitalisation in Business**
- 50% of micro, small and medium enterprises (MSMEs) are using some form of data analytics
- 44% of MSMEs are using cloud computing
- 35% of MSMEs have deployed Internet of Things (IoT) solutions
…..but because others moved faster

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| Philippines     | 57        | 45        | -12    |-
We need to address these gaps in order to fully embrace DE

- The need to have digital-first mindset and higher digital technology adoption across the public sector.
- The need to build a more supportive ecosystem for local enterprises to digitalise.
- The need for better deployment of quality broadband and digital technologies infrastructure.
- The need to nurture a future-ready workforce.
- The digital divide among income and age groups, and between gender need to be narrowed.
- The need to build trust and ethics in using data and technology as well as increasing awareness on cyber security.
The MDEB is supported by 6 policy thrusts

**VISION**
To be a regional leader in the digital economy and achieve inclusive, responsible and sustainable socioeconomic development

**3 OBJECTIVES**
- Encourage industry players to become creators, users and adopters of innovative business models under the digital economy
- Harness human capital that is able to thrive in the digital economy
- Nurture an integrated ecosystem that allows society to adopt digital economy

**6 THRUSTS**
- Drive digital transformation in the public sector
- Boost economic competitiveness through digitalisation
- Build enabling digital infrastructure
- Build agile and competent digital talent
- Create an inclusive digital society
- Build trusted, secure and ethical digital environment

**22 STRATEGIES**

**48 NATIONAL INITIATIVES**

**28 SECTORAL INITIATIVES**
And the National 4IR Policy has four policy thrust. Common ones are skills/talent and infrastructure

**1 VISION**
Balanced, Responsible And Sustainable Growth

**3 OBJECTIVES**
- Seize growth opportunities arising from the 4IR
- Create a conducive ecosystem to cope with the 4IR
- Build trust and an inclusive digital society

**4 POLICY THRUSTS**
- Equip the *rakyat* with 4IR knowledge and skill sets
- Forge a connected nation through digital infrastructure development
- Future-proof regulations to be agile with technological changes
- Accelerate 4IR technology innovation and adoption

16 Strategies
32 National Initiatives
60 Sectoral Initiatives
The MDEB and 4IR policy have a common vision & intended outcomes

**DIGITAL ECONOMY BLUEPRINT**

**VISION**
- To be a regional leader in the digital economy and achieve **inclusive, responsible and sustainable socioeconomic development**

**OBJECTIVES**
- Encourage industry players to be creators, users and adopters of innovative business models under the digital economy
- Harness human capital that is able to thrive in the digital economy
- Nurture an integrated ecosystem that allows society to adopt digital economy

**4IR POLICY**

**VISION**
- Balanced, responsible and sustainable growth

**MISSION**
- Improve quality of life by leveraging technological advancement
- Enhance local capabilities to embrace 4IR across sectors

**DIGITAL ECONOMY**
- Towards inclusive, responsible and sustainable socioeconomic development

**4IR**
- Towards inclusive, balanced, responsible and sustainable socioeconomic development

- **Socio-environmental wellbeing for all**
- **Business growth in all sectors**
- **Fit-for-future government**

- Whole-of-nation approach ((People-Private-Public Partnership(PPP)))
- Outcome-oriented cohesive strategies & initiatives
- Delivery-driven governance structure
2025 targets for MDEB

**Opportunities**

- More job opportunities for rakyat
- New business models offer new products and services
- Larger market catchment for commercial activities

**Rakyat**

- Creation of 500,000 new jobs
- 100% household with access to internet
- All students to have access to online learning

**Business**

- 22.6% of digital economy to Malaysia’s GDP (revised to 25.5% in 12MP doc)
- 875,000 micro, small and medium enterprises (MSMEs) adopt eCommerce
- Attract 2 unicorns
- RM70 bilion investment in digitalisation
- Increase the number of start-ups to 5,000

**Government**

- 100% civil servants to possess digital literacy
- All ministries and agencies to provide cashless payment option
- 80% end-to-end online government services (2022)
- 80% usage of cloud storage across the government (2022)
Governance structure to ensure implementation is on track

National Digital Economy and 4IR Council chaired by the Prime Minister

supported by Ministers, relevant private sector representatives, academicians and civil society organisations (CSOs)

**DIGITAL TALENT**
Chair: Minister (Ministry of Human Resource (MOHR))

**DIGITAL INFRASTRUCTURE AND DATA**
Chair: Minister (Ministry of Communications and Multimedia (KKMM))

**EMERGING TECHNOLOGY**
Chair: Minister (Ministry of Science, Technology and Innovation (MOSTI))

**ECONOMY**
Chair: Minister (Ministry of International Trade and Industry (MITI))

**SOCIETY**
Chair: Minister (Ministry of Women, Family and Community Development (KPWKM))

**GOVERNMENT**
Chair: Chief Secretary to the Government (KSN)

**Members:**
Representatives from Ministries/agencies/private sector and academia

- Agile regulation (including Good Regulatory Practice, sandbox): MPC
- Cyber security: KDN, NACSA
- Inclusivity and sustainability: EPU

**Steering Committee**
(Chair: Minister in the Prime Minister’s Department [Economy])
Cluster chairs or Secretary Generals
Representatives from private sector, academia and CSOs
Others (for example, relevant ministries, federal agencies, state government)

**Multiple Working Groups (WGs)**

- Federal and state government-led initiatives
- Private sector, CSOs, academia-driven initiatives

**Strategic Change Management Office (EPU)**
Some initiatives under MDEB preparing us for a digitally connected Malaysia

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Implementer</th>
<th>Timeline</th>
</tr>
</thead>
<tbody>
<tr>
<td>Review laws and regulations to improve provision for digital infrastructure</td>
<td>KKMM</td>
<td>2025</td>
</tr>
<tr>
<td>Broadband to be mandated as basic infrastructure to ensure internet access for new developments</td>
<td>KKMM</td>
<td>2025</td>
</tr>
<tr>
<td>Expand the adoption of OSC 3.0 Plus Online to more local authorities to speed up approval process in deploying broadband infrastructure</td>
<td>KPKT</td>
<td>Completed</td>
</tr>
<tr>
<td>Provide real-time broadband demand platform for effective planning and monitoring</td>
<td>KKMM</td>
<td>Completed</td>
</tr>
<tr>
<td>Attract more international submarine cables landing in Malaysia to expand global connectivity</td>
<td>KKMM</td>
<td>2025</td>
</tr>
</tbody>
</table>
Thank you

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