

MALAYSIA DIGITAL ECONOMY BLUEPRINT



0409595
MAL



280691

16/2/2022
TDM
FOC.

Perpustakaan Negara Malaysia Cataloguing-in-Publication Data

MALAYSIA DIGITAL ECONOMY BLUEPRINT

ISBN 978-967-5842-26-9



9 7 8 9 6 7 5 8 4 2 2 6 9

Year: ?

PUBLISHED BY:

ECONOMIC PLANNING UNIT, PRIME MINISTER'S DEPARTMENT

Setia Perdana 5 & 6, Kompleks Setia Perdana

Pusat Pentadbiran Kerajaan Persekutuan

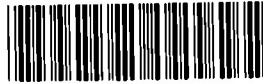
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1013290

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The global economy, Malaysia included, continues to endure the severe challenges of the COVID-19 pandemic. This black swan event has affected Malaysians of every ethnicity and social strata as well as workers in both the public and private sectors. Whole industries faced upheavals, and many of our day-to-day interactions are now conducted virtually.

In 2020 alone, growth within the digital economy has understandably accelerated as the COVID-19 pandemic gave birth to new digital businesses, forced traditional brick-and-mortar enterprises to pivot online, and saw millions of Malaysians go virtual for their eCommerce, entertainment, and even education needs. Delivery of quality education now is dependent on a student's home broadband connectivity, or access to laptops or computers.

To ensure that no Malaysian is left behind to catch the wave of digitalisation, the time has come for us to lay the foundations for the country's transformation towards an advanced digital economy. This foundation means building the infrastructure, facilitating innovation and creating an ecosystem for all of us to contribute to bring forth higher standards of living, the fruits of which will be enjoyed by all Malaysians.

MyDIGITAL outlines the plans to accelerate Malaysia's progress as a technologically-advanced economy, through the Malaysia Digital Economy Blueprint. This will chart the path to strategically position ourselves as a competitive force in this new era. MyDIGITAL is a critical enabler in realising our Twelfth Malaysia Plan, 2021-2025 (12MP), as we work towards *Wawasan Kemakmuran Bersama 2030*.

In facing this digital economy transformation, it is imperative for us to work together and take the necessary steps to adapt and collaborate for the next normal. The journey is not going to be easy but under unprecedented circumstances, we need to be brave enough to make this quantum leap forward to elevate the quality of life for all Malaysians.

Malaysia has embarked on its digitalisation journey since 1996 with the introduction of the Multimedia Super Corridor. Through this initiative, the country has recorded some success stories, such as attracting domestic and foreign information and communication technology (ICT) companies to operate in specific economic zones.

Doubling down on our strengths alone will no longer work in the future, as the Fourth Industrial Revolution (4IR) and the rapid advancement of disruptive technologies including digital technology have shown the potential to significantly transform the economic landscape around the world. The COVID-19 pandemic has accelerated the wave of change in driving the *rakyat*, business and the government to adapt to digitalisation for their daily needs.

Malaysia will lose out in the increasingly competitive global economy if we are not ready for change. We need to embrace digitalisation which improves standard of living and prosperity. Research has shown that Artificial Intelligence (AI) technology can increase Gross Domestic Product (GDP) by up to 26% in the next decade. Digitalisation will also help achieve sustainable growth in the long term.

Current digitalisation efforts have shown much promise for our future. Malaysia's Information and Communication Technology (ICT) has amassed RM289 billion, accounting for 19.1% of GDP in 2019. The COVID-19 pandemic has accelerated the growth of the digital economy as well as encouraging the *rakyat*, traditional businesses as well as the government to shift online in meeting their daily needs.

The Government understands too well the treasure trove of opportunities that lay in embracing the digital economy

towards its long-term goals as outlined in *Wawasan Kemakmuran Bersama 2030* (WKB 2030). Launched in October 2019, WKB 2030 outlined a commitment to make Malaysia a nation that achieves sustainable growth along with fair and equitable distribution, across income groups, ethnicities, regions, and supply chains.

Nonetheless, the Government also recognises the potential pitfalls if digital economy efforts are not leveraged with the *rakyat* in mind. Hence, the Government introduces MyDIGITAL as a national initiative that symbolises the Government's aspiration to transform Malaysia into a digitally-enabled and technology-driven high income nation, and a regional lead in digital economy.

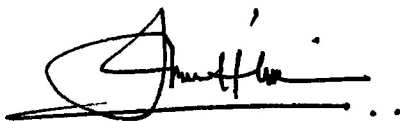
To realise the aspirations of MyDIGITAL, the Malaysia Digital Economy Blueprint is formulated to set the direction, outline the strategies, initiatives and targets to build the foundation to drive the growth of digital economy, including bridging the digital divide. The Blueprint will also ensure that the country is ready to embrace digital technology by seizing existing opportunities.

The National Digital Economy and 4IR Council forms the highest governance to decide policies, implement and monitor the digital economy strategies and initiatives. This outcome-driven governance structure adopts a whole-of-nation approach which involves partnerships between the *rakyat*, as well as the public and private sectors to realise the aspirations of MyDIGITAL.

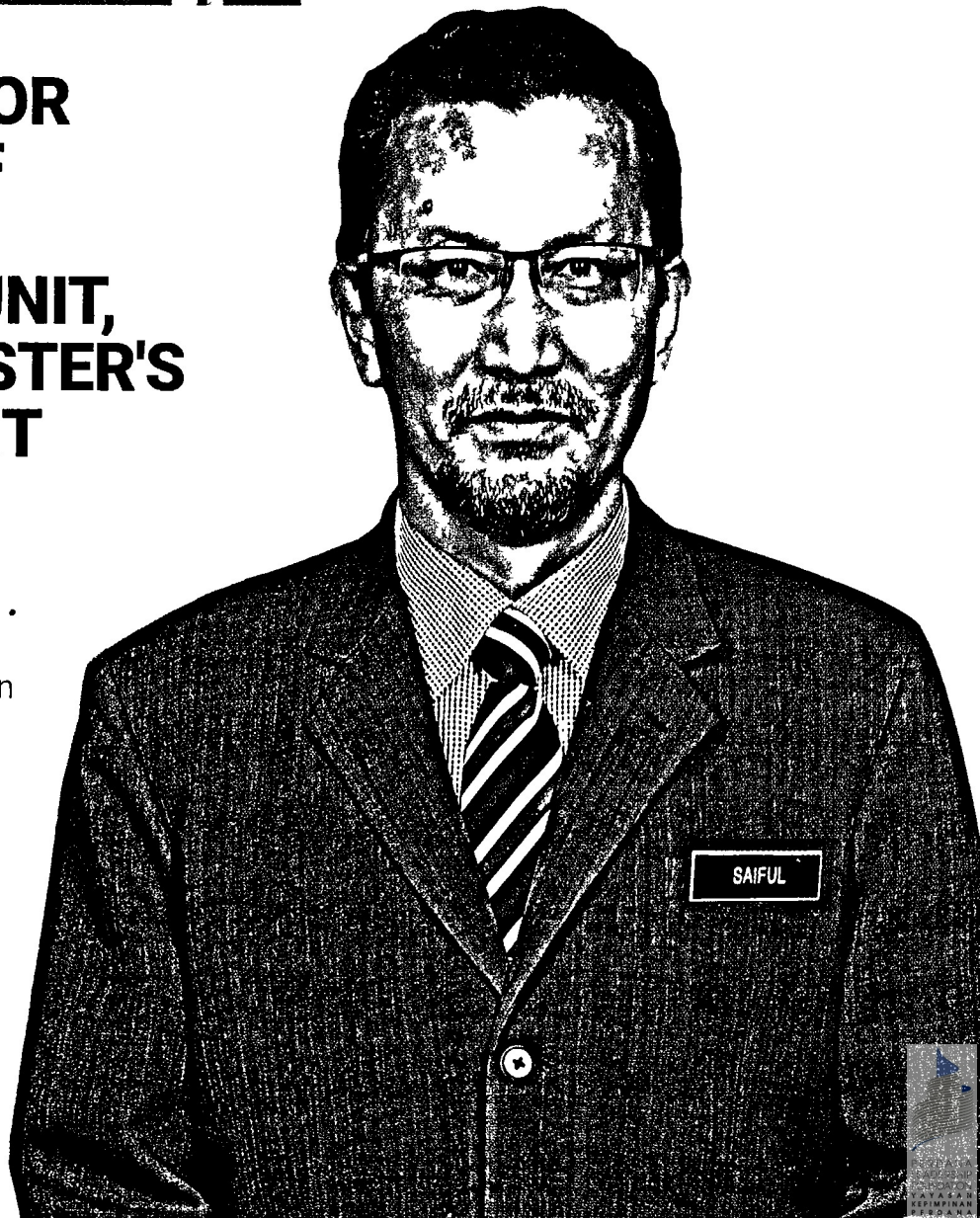
It is my hope that MyDIGITAL prepares Malaysia to embrace the rapid digitalisation that has and will continue to provide reasonable standard of living for all the *rakyat*.

INTRODUCTION BY

**THE DIRECTOR
GENERAL OF
ECONOMIC
PLANNING UNIT,
PRIME MINISTER'S
DEPARTMENT**



YBhg. Datuk Saiful Anuar bin
Lebai Hussien



MyDIGITAL has set the direction of digital economy and built the foundation to drive digitalisation across the nation. To realise the aspirations of MyDIGITAL, the Malaysia Digital Economy Blueprint is formulated as the action plan to outline the efforts and initiatives which will be implemented up to 2030.

This Blueprint envisions Malaysia becoming the regional lead in digital economy and to achieve inclusive, responsible and sustainable socioeconomic development. Its three objectives are to encourage industry players to become creators, users and adopters of innovative business models, harness human capital to thrive in the digital economy and nurture an integrated ecosystem that allows society to embrace digital economy.

Six strategic thrusts have been identified, namely 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. These strategic thrusts are supported by 22 strategies, 48 national initiatives and 28 sectoral initiatives. The implementation of this Blueprint is divided into three phases. Phase 1 starts from 2021 to 2022 which will strengthen the foundation of digital adoption. Phase 2 which covers 2023 to 2025 will drive inclusive digital transformation and Phase 3 covering 2026 to 2030 will make Malaysia a digital content and cyber security lead in the regional market.

Formation of MyDIGITAL - Malaysia Digital Economy Blueprint is formulated through a comprehensive study with active involvement of various stakeholders including the Ministries and their agencies, private sector, as well as civil society organisations (CSOs). A number of stakeholder engagement with industry players were conducted, including nearly 500 companies and over 50 industry associations and technology providers. The implementation of MyDIGITAL will benefit the *rakyat*, business and the government. The *rakyat* will enjoy improved standard of living and wellbeing, the business will be able to optimise resources and expand its operation and market, whereas the government will be able to provide more efficient and effective services.

To enable the implementation of MyDIGITAL to achieve the desired objectives, seamless cooperation with various parties will be continued. A whole-of-nation approach will be adopted to ensure that no one is left behind in the development of digital economy.

The Economic Planning Unit, Prime Minister's Department is appreciative and thankful to all participating parties on the accorded effort and commitments in producing the thorough and comprehensive MyDIGITAL - The Malaysia Digital Economy Blueprint which is of great importance for all Malaysians.

MyDIGITAL: QUICK FACTS

What is MyDIGITAL?

MyDIGITAL is a national initiative which symbolises the aspirations of the Government to successfully transform Malaysia into a **digitally-driven, high income nation and a regional leader in digital economy**. The Malaysia Digital Economy Blueprint spells out the efforts and initiatives to deliver the aspirations of MyDIGITAL. The Blueprint charts the trajectory of the digital economy's contribution to the Malaysian economy and builds the foundation to drive digitalisation across Malaysia including bridging the digital divide.

Why MyDIGITAL?

MyDIGITAL is designed to complement national development policies such as the Twelfth Malaysia Plan (12MP) and *Wawasan Kemakmuran Bersama 2030* (WKB 2030). Digital economy was identified as a key economic growth area (KEGA) in realising WKB 2030, to make Malaysia a country which is developing sustainably with fair economic distribution as well as equitable and inclusive growth.

The world economic growth is increasingly driven by digitalisation. Consumer behaviour has evolved to prioritise quick and convenient experiences which is powered by the internet and mobile phones. The COVID-19 pandemic amplifies the importance of the digital economy to ensure continuity in economic activities. The use of internet and technology advancement contributes to the rapid growth of data, which is the future commodity. Nevertheless, countries risk creating digital divide if the response to digitalisation is not managed well. We must embrace digitalisation, and seize opportunities arising from this trend for our wellbeing, as well as to stay relevant and competitive.

What is Digital Economy?

Digital economy is defined as economic and social activities that involve the production and use of digital technology by individuals, businesses, and government.

Where are we going - vision and outcomes?

With MyDIGITAL, Malaysia will be able to successfully transform into a **digitally-driven, high-income nation and a regional leader in the digital economy**. MyDIGITAL aspires to enable the *rakyat* to embrace digitalisation to improve their quality of life and standard of living.

The Malaysia Digital Economy Blueprint's vision is to be a regional leader in the digital economy and achieve **inclusive, responsible and sustainable socioeconomic development**.

The future Malaysia envisioned by MyDIGITAL will see the **rakyat** enjoy improved digital literacy, more high-paying jobs, improved social wellbeing and environmental sustainability; **businesses**, including micro, small and medium enterprises (MSMEs) that form the backbone of Malaysia's economy, will enjoy greater opportunities to build and expand locally, regionally and even globally through digital revenue streams, more opportunities to integrate between economic sectors, and to be more cost efficient through shared economy. A digitally-enabled **government** will provide integrated end-to-end online government services which are more efficient, effective and transparent. Malaysia in 2025 will advance to achieve the following targets:

Rakyat

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

Business

- 30% uplift in productivity across all sectors by 2030
- 22.6% of digital economy to Malaysia's GDP
- 875,000 micro, small and medium enterprises (MSMEs) adopt eCommerce
- Attract 2 unicorns (home-grown or foreign)
- RM70 billion investment in digitalisation
- Increase the number of start-ups to 5,000

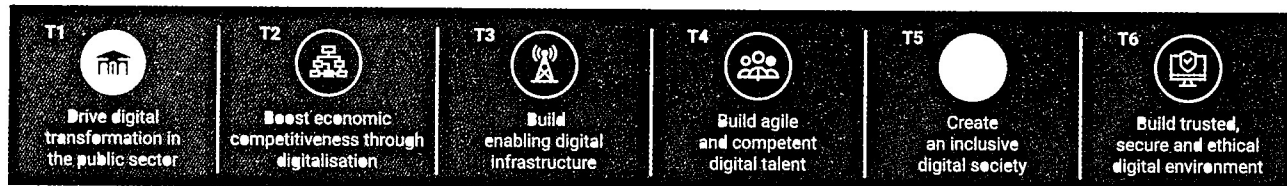
Government

- 100% civil servants to possess digital literacy
- 80% end-to-end online government services
- All ministries and agencies to provide cashless payment option in 2022
- 80% usage of cloud storage across the government in 2022

How do we achieve MyDIGITAL?

MyDIGITAL sets out the consolidated initiatives and targeted outcomes as it pertains to the *rakyat*, business and the government, across three phases of implementation up to 2030. All these benefits will be delivered through 6 strategic thrusts, 22 strategies, 48 national initiatives and 28 sectoral initiatives via the Malaysia Digital Economy Blueprint.

The identified key thrusts and strategies in the Malaysia Digital Economy Blueprint are as follows:



S1: Managing change for effective digital transition

S2: Leveraging digital technology to improve workflow efficiency and productivity

S3: Enhancing digital skill sets of civil servants

S4: Utilising data to improve government services

S5: Increasing scope and quality of online services for better user experience

S1: Facilitating digital adoption, access and effective use of digital technology across all firm sizes & digital maturity level

S2: Accelerating industry development by enhancing local participation

S3: Streamlining regulatory requirements to respond to digital economy and encourage innovative business models

S4: Developing digital industry cluster and driving entrepreneurial activity

S1: Utilising regulatory measures to expand infrastructure coverage

S2: Leveraging digitalisation to address legacy challenges

S3: Enhancing digital technology infrastructure capabilities

S1: Integrating digital skills into education at primary and secondary level

S2: Shifting focus of vocational and tertiary education from job-specific skills to competencies and adaptability

S3: Reskilling current workforce with the digital skills needed to stay relevant

S4: Ensuring that gig workers are protected and equipped with the right skills

S1: Increasing inclusivity of all Malaysians in digital activities

S2: Empowering special target groups in the digital economy through entrepreneurship

S1: Strengthening safety and ethics in digital activities and transactions

S2: Enhancing institutions commitment to personal data protection and privacy

S3: Improving cross-border data transfer

S4: Increasing cyber security uptake among businesses

Phase 1 (2021 to 2022) aims to accelerate adoption towards strengthening the digital foundation needed for the rapid and smooth rollout of Phase 2 and Phase 3. In Phase 2 (2023-2025), the focus shifts to driving digital transformation and inclusion across the digital economy, emphasising inclusivity among the *rakyat* and all levels of businesses. Phase 3 (2026-2030) will chart the pathway for strong, sustainable growth in the decades to come, positioning Malaysia to become a regional market producer for digital products and digital solutions provider.

GOVERNANCE STRUCTURE

The Malaysia Digital Economy Blueprint embeds a delivery-driven governance framework and a whole-of-nation approach involving **partnerships between the rakyat (people), business (private sector) and the government (public sector)**.

In November 2020, Malaysia has set up the National Digital Economy and 4IR Council chaired by the Prime Minister to accelerate local capabilities in embracing digitalisation.

Every Malaysian has a role to play in accelerating digitalisation. The implementation of MyDIGITAL will be overseen by a governance framework which features:

- 1** A strategic change management office (SCMO) to drive changes on the ground across the nation, especially to inculcate a digital and innovative mindset amongst the *rakyat*;
- 2** A transparent and clear monitoring and evaluation mechanism to establish complete feedback loops, both top-down and bottom-up;
- 3** Six specific clusters chaired by Ministers and the Chief Secretary to the Government to improve overall efficiency, effectiveness, accountability and inter-ministry collaboration, each supported by subject matter experts of three key areas, namely regulation, cyber security and inclusivity and sustainability; and
- 4** Clear timelines to deliver measurable outcomes from each initiative.

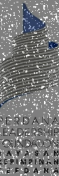
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CHAPTER 1

INTRODUCTION





Digital economy presents tremendous new opportunities for Malaysia, on our journey to become a high income nation.

Innovation and knowledge are driving economic growth and competitiveness of a nation in the era of the Fourth Industrial Revolution (4IR). The 4IR, is a technological revolution characterised by the fusion of digital technologies, innovation and knowledge across socioeconomic activities. As a result, the 4IR catalyses the growth of digital economy in Malaysia.

The aspiration to advance the digital economy is in line with the *Wawasan Kemakmuran Bersama 2030 (WKB 2030)*, which aims to provide a fair and equitable economic development among all levels of society by 2030. Digital economy is one of the Key Economic Growth Activities in WKB 2030 and Malaysia aims to be at the forefront in driving its growth.

The Malaysia Digital Economy Blueprint provides the way forward to fully realise the potential of the digital economy in achieving inclusive, responsible and sustainable socioeconomic development.

GLOBAL TRENDS



Today, the world is increasingly digital from the way societies interact, to how businesses operate and delivery of public services.

The immense speed and reach of digitalisation in recent years are unprecedented. The size of the digital economy in 2017 is estimated to range from 4.5% to 15.5% of world gross domestic product (GDP) worth US\$3.6 trillion to US\$12.3 trillion¹, illustrating its scale and significance.

Global internet users are estimated to grow to 4.5 billion people in 2020 from 3.4 billion people in 2016. In 2020 alone, 3.8 billion will be social media users, an increase of 1 billion users from 2017². Internet usage growth will produce opportunities in many fields such as education, business and healthcare.

Many businesses are already embracing the digital economy. This is indicated by digital marketing spending exceeding offline marketing spending. For instance, in the United States of America, digital advertising made up 51% of total advertising spending between 2018 and 2019. The global eCommerce sales is expected to top US\$4.2 trillion in 2020 and accumulate more than US\$6.5 trillion by 2023³.

Governments around the world have also been rapidly digitalising public services, as citizens demand increased efficiency and transparency. The efficiency gains from digitalisation have been recognised as reflected by the United Nations E-Government Development Index (UN-EGDI) where more than 84% of countries now offer online transactional services.

Consumers are moving towards digitalisation, especially through eCommerce and online banking, as they prefer quick and convenient transactions.

Electronic processing of orders, personal and banking information, and seamless access to information has made commerce easier, faster and scalable. A survey by PwC in 2019 in multi-country revealed that 31% of respondents purchase online weekly or more frequently than that, while 51% of respondents paid bills and invoices online in 2018⁴.

Mobile payments are becoming a trend with the rapid growth of mobile phone users. This is most observable in emerging economies such as China, the Philippines, Thailand and Vietnam.

Data is the future commodity.

Approximately 90% of the digital data in the world were created within 2015 to 2017⁵. The digital lifestyle creates 2.5 quintillion bytes of data daily. The use of internet and the advancements of technologies have contributed to the rapid growth of data.

Digital economy has the potential to enhance economic competitiveness and dynamism.

Countries are investing in the digital economy to ensure they become more inclusive, efficient and innovative by leveraging digital technologies⁶. Countries such as Finland, Singapore and Thailand have launched long-term strategies and initiatives to reap the benefits of the digital economy, while safeguarding against its risks.

4. PwC (2019), Global Consumer Insights Survey 2019
 5. IBM (2017), 10 Key Marketing Trends for 2017 and Ideas for Exceeding Customer Expectations
 6. World Bank (2017), World Development Report 2016: Digital Dividends

SOUTHEAST ASIA IS PRIMED FOR GREATER GROWTH

Southeast Asia has the fourth largest internet market in the world and a growing eCommerce sector, with 14 unicorns⁷. Several countries have developed digital economy strategies for increased competitiveness and their achievements based on the Global Competitiveness Index (GCI) ranking,

2019⁸, as shown in *Figure 1-1*. The success of the Malaysia Digital Economy Blueprint will elevate Malaysia to become the regional leader in the digital economy.

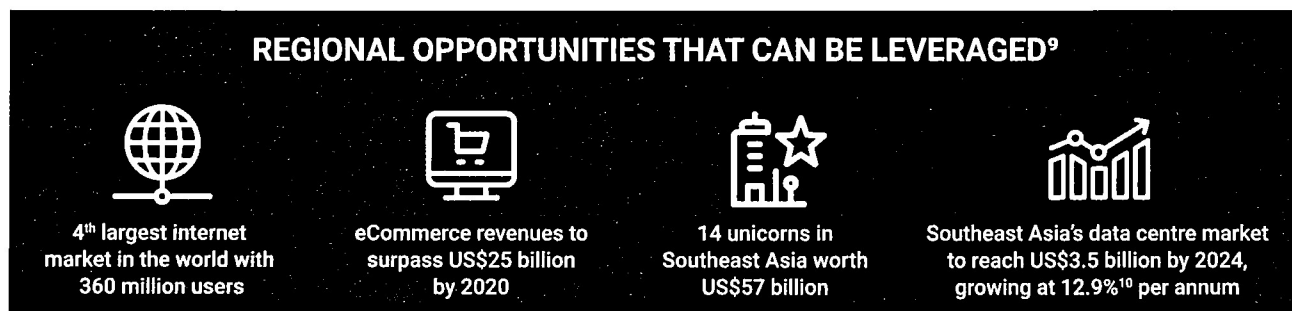
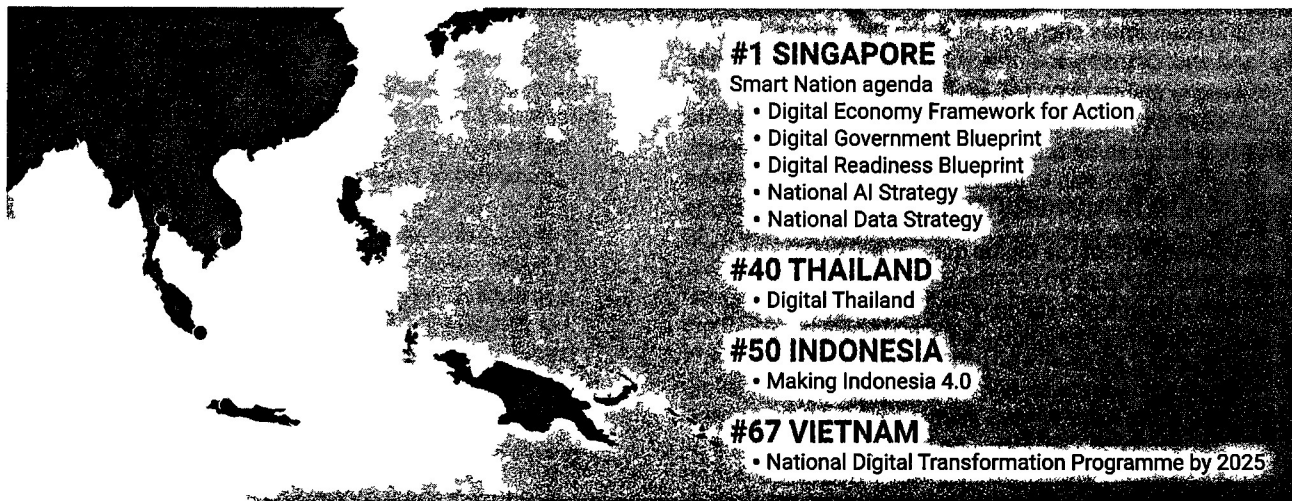


Figure 1-1: GCI 2019 ranking and digital economy strategies by selected countries



7. Unicorn is a start-up company with a value of over USD1billion
 8. World Economic Forum (WEF) (2019), The Global Competitiveness Report 2019
 9. The ASEAN Post, e-Economy SEA 2019 Report
 10. Cushman & Wakefield (2019), Data Centres in Southeast Asia Poised for Rapid Growth

The COVID-19 pandemic has accelerated the growth of the digital economy, thereby helping build economic resilience.

In many countries, economic activities during the lockdown period were driven by eCommerce, working from home and online food delivery services. Contact tracing applications helped contain the spread of the virus, while enabling business continuity.

Digitalisation in all facets of life also increase the risk of digital divide.

The lack of access to the internet and smart devices limit the opportunities to the underprivileged groups to quality education, healthcare services, employment and other benefits.

Inappropriate use of and vulnerabilities in digital technologies erode trust.

The World Economic Forum (WEF) has highlighted that data fraud and cyber attacks are among the top 10 risks to economic stability and social cohesion¹¹. An increase in digital risks may affect people's trust and confidence in the digital economy.

The advancement of digital technology is rendering conventional skills irrelevant.

People with limited digital skills are disadvantaged as automation and technology cause job displacement. The WEF estimated that 75 million jobs globally may be displaced by 2022¹².

As digital technologies become more prevalent, the digital economy will become the foundation of the modern economy. Accelerating the digital economy is no longer an option but crucial for Malaysia.

11. WEF (2020), Global Risks Report 2020

12. WEF (2018), The Future of Jobs 2018

