



NEWSLETTER

Balance of Payments SERVICES ACCOUNT

TRADE IN SERVICES

Trade in services covers the provision of services between Malaysia residents and non-residents. It is the result of a production activity that changes the conditions of the consuming units, or facilitates the exchange of products or financial assets. It also covers transport, travel, construction, insurance, financial, computer and information, intellectual property, other business, personal, cultural and recreational, government and manufacturing and maintenance services.



MODE OF SUPPLY TYPES

- ✔ **CROSS BORDER SUPPLY** ...take place when both the supplier and the consumer remain in their respective territories.
- ✔ **CONSUMPTION ABROAD** ...take place when the consumer consumes the services outside his/ her home territory.
- ✔ **COMMERCIAL PRESENCE** ..take place when services suppliers establish (or acquire) an affiliate, branch or representative office in another territory through which they provide their services.
- ✔ **PRESENCE OF NATURAL PERSONS** ..take place when an individual (either the service supplier himself if he/she is a self-employed/ employee) is temporarily present abroad in order to supply a service.



EXTENDED BALANCE OF PAYMENT SERVICES CLASSIFICATION (EBOPS)

Recommendation by:
Manual on Statistics of International Trade in Services 2010

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| <ol style="list-style-type: none"> 1. MANUFACTURING SERVICES ON PHYSICAL INPUTS OWNED BY OTHERS 2. MAINTENANCE AND REPAIR SERVICES 3. TRANSPORT <ol style="list-style-type: none"> 3.1 SEA TRANSPORT
(Freight; Passenger and others) 3.2 AIR TRANSPORT
(Freight; Passenger and others) 3.3 OTHER TRANSPORT
(Postal and Courier Services; Others) 4. TRAVEL <ol style="list-style-type: none"> 4.1 BUSINESS 4.2 PERSONAL
(Health-related; Education-related; Others) 5. CONSTRUCTION 6. INSURANCE AND PENSION SERVICES 7. FINANCIAL SERVICES 8. CHARGES FOR THE USE OF INTELLECTUAL PROPERTY | <ol style="list-style-type: none"> 9. TELECOMMUNICATIONS, COMPUTER AND INFORMATION SERVICES <ol style="list-style-type: none"> 9.1 TELECOMMUNICATIONS 9.3 COMPUTER 9.2 INFORMATION 10. OTHER BUSINESS SERVICES <ol style="list-style-type: none"> 10.1 RESEARCH AND DEVELOPMENT SERVICES 10.2 PROFESSIONAL & MANAGEMENT CONSULTING SERVICES
(Legal; Accounting; Business and Management Consulting) 10.3 TECHNICAL, TRADE-RELATED AND OTHER BUSINESS SERVICES
(Architectural; Engineering and Other Technical; Operating Leasing; Trade-Related and Other Business Services) 11. PERSONAL, CULTURAL & RECREATIONAL SERVICES 12. GOVERNMENT GOODS AND SERVICES |
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~ CONCEPT & DEFINITION ~

1 MANUFACTURING SERVICES ON PHYSICAL INPUTS OWNED BY OTHERS
 The manufacturing services are undertaken by an entity that does not own the goods and is paid a fee by the owner.

2 MAINTENANCE AND REPAIR N.I.E
 Covers maintenance and repair work undertaken by residents on goods owned by non-resident and value of repair work (including parts and materials supplied by repairer).

3 TRANSPORT
 Transport covers all transport services performed by residents of one economy for those of another and that involve the carriage of passengers, freight (movement of goods), rentals (charters) of carriers with crew, related supporting and auxiliary services. Transport can be classified according to mode of transport (sea, air, other) and what is carried (passengers or freight). Transport also covers post & courier services and storage & warehousing activities.

4 TRAVEL
 Goods and services acquired by travelers during their visit for the purpose of leisure, business, pilgrimage, study and medical care. It also includes acquisitions of goods and services by seasonal, border and short term workers.

5 CONSTRUCTION
 Comprises work performed on construction projects by a non-resident enterprise or site office in the host country, inclusive value of all goods and services used and other costs of production.

6 INSURANCE AND PENSION SERVICES
 Consist of Direct insurance (Life insurance, Freight insurance, Other direct insurance); Reinsurance; Auxiliary insurance; Pension and standardised guarantee insurance.

7 FINANCIAL SERVICES
 Covers financial intermediation and auxiliary services except those of insurance enterprises and pension schemes. It also covers financial intermediation service charges indirectly measured (FISIM).

8 CHARGES FOR THE USE OF INTELLECTUAL PROPERTIES N.I.E
 Consist of Licensing fees for franchises and trademarks; Royalty / licensing fee for using R&D results; License to reproduce and / or distribute computer software; and License to reproduce and / or distribute audio visuals and related products.

9 TELECOMMUNICATIONS, COMPUTER AND INFORMATION
 Subdivided into telecommunications services, computer services (of which computer software), news agency services (provision of news, photographs, and feature articles to the media), and other information services (database services and web search portals).

10 OTHER BUSINESS SERVICES
 Consist of Research and development services; professional and management services (legal services, accounting, management consulting, advertising, market research, etc) and technical, trade related, and other business services (agricultural, engineering, architectural, waste treatment, operational leasing).

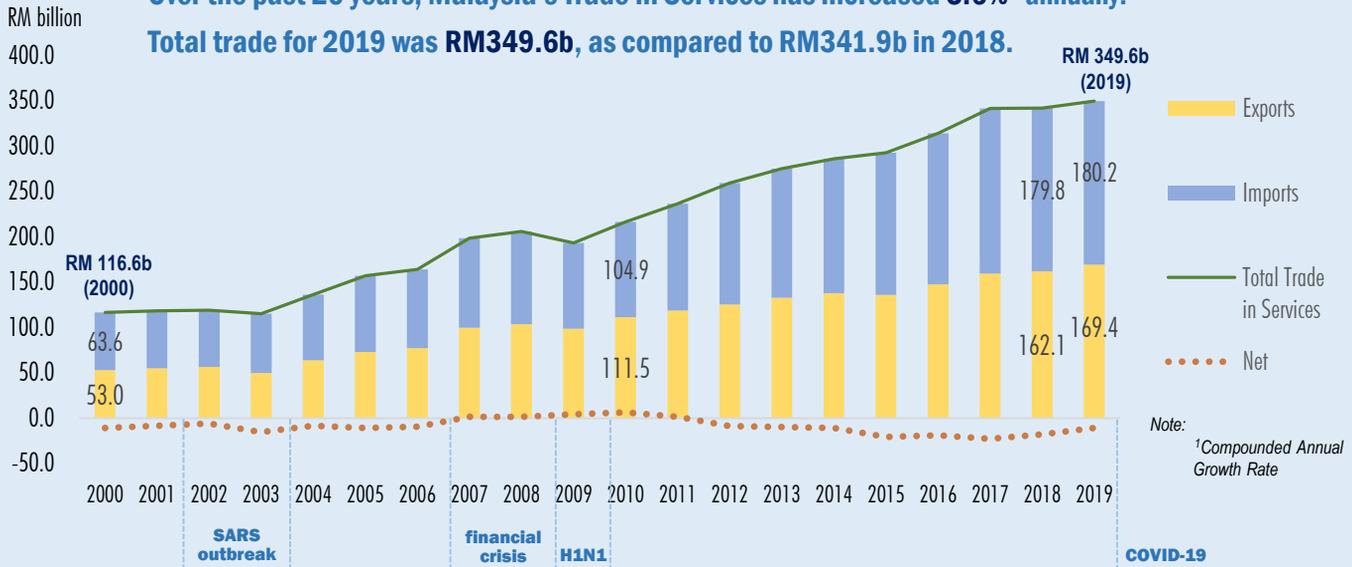
11 PERSONAL, CULTURAL & RECREATIONAL
 Refers to services associated to audio-visual and related services; and other personal, cultural and recreational services. This includes charges for access to encrypted televisions channels, rental of audio-visual and related products, fees to actors, directors and producers, education services, health services, sports, recreational and entertainment services.

12 GOVERNMENT GOODS & SERVICES N.I.E
 Government goods and services n.i.e. transaction refers to capital and operation expenditure of government and international organisations which are not recorded elsewhere in the BOP components.



SNAPSHOTS OF SERVICES EXPORTS FOR 2019

Over the past 20 years, Malaysia's Trade in Services has increased 5.6%¹ annually. Total trade for 2019 was RM349.6b, as compared to RM341.9b in 2018.

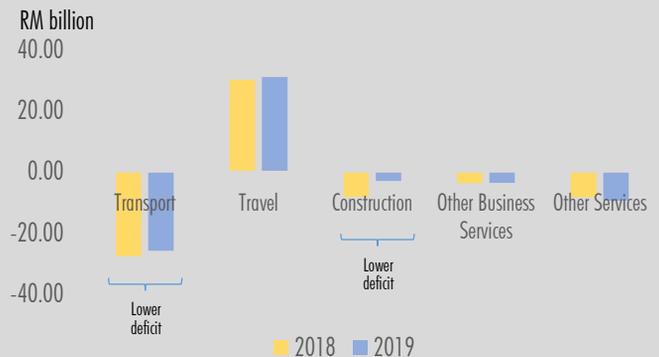


Lower deficit of RM10.9 billion as compared to deficit of RM17.7 billion in 2018.

Services exports increased faster than imports...

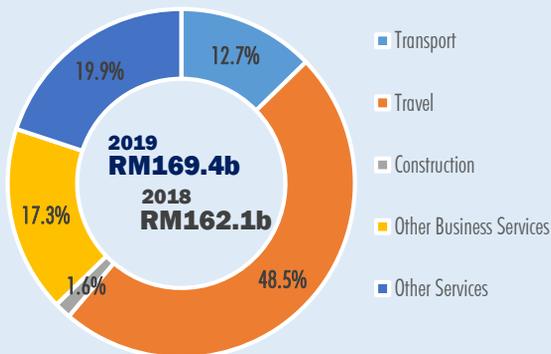
	RM billion					
	2018			2019		
	Export	Import	Net	Export	Import	Net
SERVICES	162.1	179.8	-17.7	169.4	180.2	-10.9
Transport	20.4	48.0	-27.6	21.6	47.4	-25.8
Travel	79.2	49.1	30.0	82.1	51.2	30.9
Construction	3.5	11.6	-8.2	2.6	5.6	-3.0
Other Business Services	26.8	30.5	-3.7	29.3	32.9	-3.6
Other Services	32.2	40.5	-8.3	33.8	43.2	-9.4

...while Transport and Construction contributed to the lower deficit.



Note: Other Services include manufacturing services on physical inputs owned by others, maintenance and repair services, insurance and pension services, financial services, charges for the use of intellectual property, telecommunications, computer and information services, personal, cultural and recreational services, and government goods and services.

Travel remained as the largest contributor of services exports at 48.5% in 2019.



Highlights on Malaysia's Tourism Performance in 2019



Tourist Arrivals

26,100,784
(2018: 25,832,354)



Per Capita Expenditure

RM3,300.4
(2018: RM3,257.0)



Total Expenditure

RM86.14b
(2018: RM84.14b)



Per Diem Expenditure

RM446.0
(2018: RM501.1)



Average Stay

7.4 nights
(2018: 6.5 nights)

Source: Tourism Malaysia