



NEWSLETTER

Prepared by:
MAZREHA YA'AKUB
Deputy Director, BPP

MALAYSIA DIGITAL ECONOMY

MALAYSIA DIGITAL ECONOMY 2018

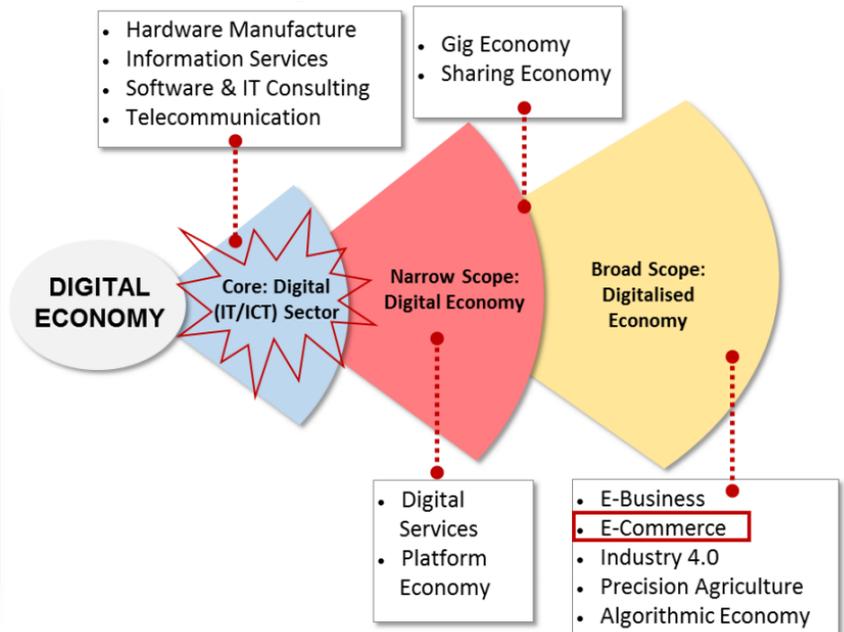
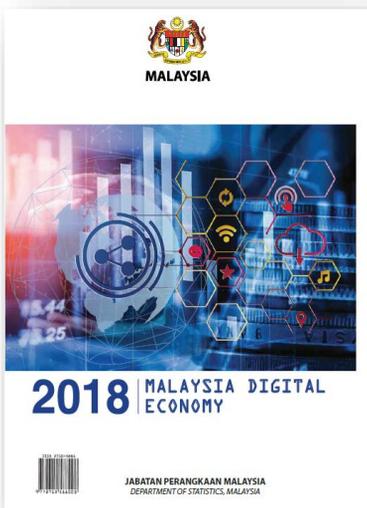
is the first publication initiative by DOSM. Presents statistics that obtained from:

1. Usage of ICT and E-Commerce by Establishment (ICTEC) 2018;
2. Annual Economic Statistics (AES) 2018 for ICT Services Sector;
3. ICT Use and Access by Individuals and Household (ICTHS) 2018; and
4. Information and Communication Technology Satellite Account (ICTSA) 2018.

Guidelines from:

1. Information Economy Report 2017: Digitalization, Trade and Development by United Nations Conference on Trade and Development (UNCTAD);
2. OECD Digital Economy Outlook 2017 under the guidance of the OECD Committee on Digital Economy Policy (CDEP); and
3. Malaysia Standard Industrial Classification (MSIC) 2008 Ver. 1.0, in accordance with the International Standard Classification of All Economic Activities (ISIC), Revision 4, 2008.

Concept of Digital Economy



An ICT Satellite Account defines ICT products and identifies their supply and use, so that a comprehensive set of economic data relating to ICT industry.

The main categories of ICT industry in the compilation of ICTSA

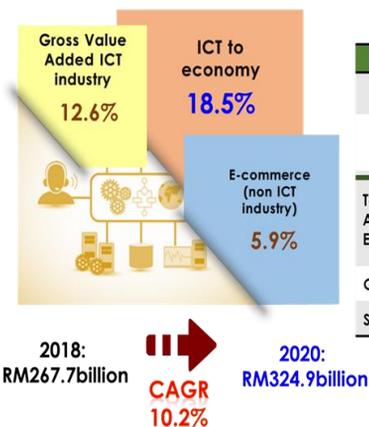
1. ICT trade
2. ICT services
3. Content and media
4. ICT manufacturing



Measurement of **e-commerce value added** is based on broad approach recommended by the manual OECD Internet Economy Outlook 2012. Includes all industries across the economy. It is assumed that the share of revenue from e-commerce to total revenue for each industry is proportional to the percentage of value added from e-commerce to the total value added for the same industry. E-commerce consists of the value of ICT industry and non ICT industry.

Contribution ICT to Economy

ICT contribution to the national economy: **18.5%**



	(RM Billion)			
	2015	2016	2017	2018
Gross Value Added ICT Industry	146.5	158.4	171.8	182.4
E-commerce (non ICT industry)	66.4	69.6	78.6	85.4
Total of Gross Value Added ICT Industry and E-commerce	213.0	228.0	250.4	267.7
GDP	1,176.9	1,249.7	1,371.6	1,446.9
Share to GDP (%)	18.1	18.2	18.3	18.5

ICT contribution to the national economy grew by 6.9 per cent in 2018 after registering a growth of 9.8 per cent in the preceding year. ICT recorded a value of RM267.7 billion with a contribution of 18.5 per cent to the GDP.

Contribution of E-Commerce

The value added of e-commerce increased by RM8.4 billion to RM115.5 billion in 2018. Performance of e-commerce grew at 7.9 per cent as compared to 11.9 per cent in 2017. The contribution of e-commerce to GDP recorded 8.0 per cent, comprises of e-commerce for non ICT industry 5.9 per cent and e-commerce for ICT industry 2.1 per cent.

Contribution **e-commerce** to GDP in 2018 was **8.0%** (2017: 7.8%)



Included overall economic activity: Agriculture, Mining & quarrying, Manufacturing, Construction and Services Sectors.

Definition of E-Commerce based on OECD 2015

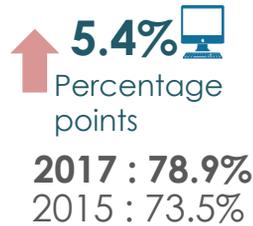
E-commerce transaction is the sale or purchase of goods or services, through a network of computers that have been designed for this purpose.

E-commerce transaction, includes orders placed on websites, extranet or Electronic Data Interchange (EDI).

Usage of ICT by Establishments

Computer usage presents 78.9 per cent as compared to 73.5 per cent in year 2015. Meanwhile, internet usage presents 73.3 per cent as compared to 61.5 per cent in year 2015. Main purposes of internet usage was sending or receiving emails.

Usage of Computer



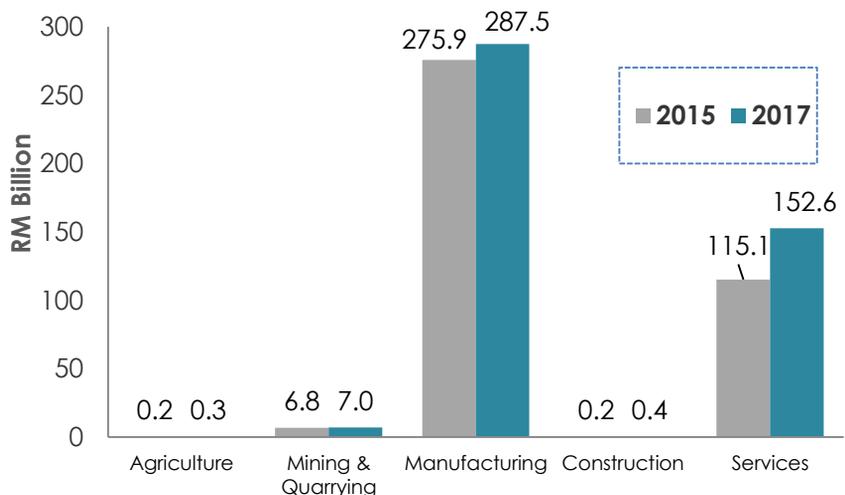
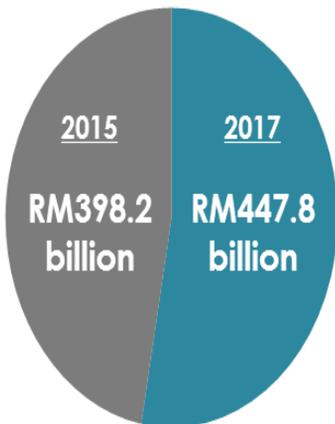
Usage of Internet



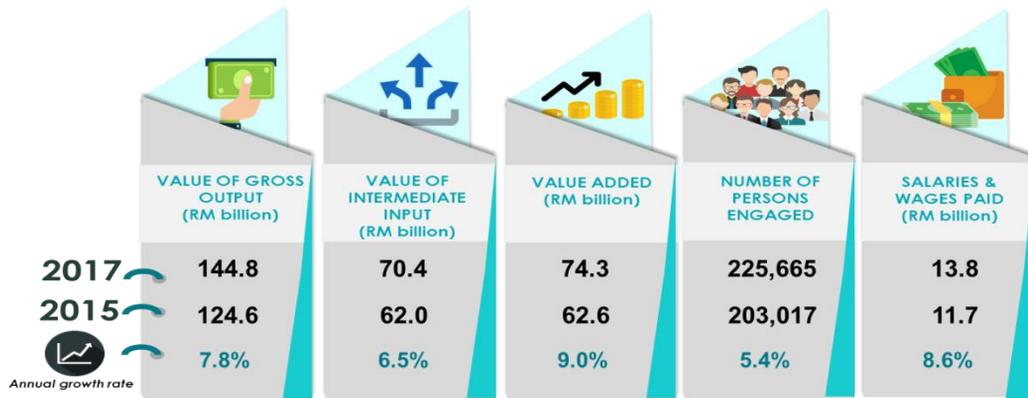
Income of E-Commerce Transactions

- **Income from e-commerce** transactions recorded **RM447.8 billion** (2015: RM398.2 billion).
- **64.2% contributed by Manufacturing** sector, RM287.5 billion, share of 64.2%, followed by the **Services sector** (RM152.6 billion; 34.1%).

Annual Growth Rate 6.0%



3 Annual Economic Statistics (AES) for ICT Services Sector



Performance of **Information and Communication Services** recorded gross output value of RM144.8 billion in 2017 as against to RM124.6 billion in 2015 with the annual growth rate value of 7.8 per cent per annum. In line with the prompt growth in gross output, the value of intermediate input also rose by RM8.4 billion to record RM70.4 billion with the average annual growth rate of 6.5 per cent. This has resulted a value added of RM74.3 billion for the year 2017. The number of persons engaged in this sector also reported an increase of 5.4 per cent to 225,665 persons as compared to 203,017 persons in 2015. Meanwhile, the salaries & wages paid in 2017 amounted to RM13.8 billion compared to RM11.7 billion in 2015.

4 ICT Use and Access by Individuals and Household ICTHS)

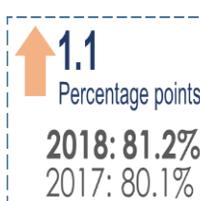
Usage of **Computer** by Individuals



Percentage of individuals using computer increased 0.7 percentage points from 69.8 per cent in 2017 to 70.5 per cent in 2018.

The percentage of individuals using computer in urban area up by 0.6 percentage points to 75.6 per cent in 2018 as compared to 75.0 per cent in 2017. Similarly, the percentage of individuals using computer in rural area up by 0.9 percentage points from 53.2 per cent in 2017 to 54.1 per cent in 2018.

Usage of **Internet** by Individuals



Percentage of individuals using Internet increased by 1.1 percentage points from 80.1 per cent in 2017 to 81.2 per cent in 2018.

Internet usage in urban area showed an increase of 0.9 percentage points to 84.9 per cent in 2018 from 84.0 per cent in 2017. The Internet usage in rural area also increased to 69.4 per cent in 2018 from 68.0 per cent in 2017.

HIGHLIGHTS: COVID-19 PANDEMIC TO DIGITAL ECONOMY



During the pandemic of COVID-19, many countries are applying the concept of social distancing in order to restraint the number of infection among people. As a result, most of the businesses have turned to online digital platforms for their activities and online delivery of services as a means to buffer the shock in their business.

According to Rahul Razdan in Forbes.com, this situation will lead to the acceleration of digitalised economy activities. For instance, in terms of education, working site, shopping, entertainment and health care, consumers are moving towards digital platform as compared to physical or traditional method. In the long run, the impact will also be seen in transportation, real estate and expansion of logistic capacity.

If the pandemic of COVID-19 happened in 20 years ago, consumers and businesses are trapped without option in doing transaction. As for now, we have a solution namely digital platform. They are shifting persistently into e-commerce buying and selling to fulfill their needs.

According to **Adobe's Digital Economy Index¹** it was found that during March 2020:

- 20% increase in digital purchasing power.
- Increase in sales for groceries, cold medication, fitness equipment and computers.
- 62% increase in pickup in-store shopping.
- Hand sanitizer, gloves, masks and anti-bacterial spray sales have jumped 807%.
- Toilet paper sales are up 231%.
- Fitness equipment sales such as kettle bells, dumbbells, stationary bikes and treadmills are up 55%.
- Apparel accounts for the largest share of online purchases with 23% followed by electronics, 16% and home & garden at 12%.

Overall, the pandemic of COVID-19 has bring an enormous impact globally, particularly in the expand of digital economy activities. In this growing global digital economy, the role of government is essential in terms of controlling online prices, the trends and security for both consumers and businesses.

1. Adobe's Digital Economy Index¹ is an index that analyzes trillions of online transactions across 100 million products in 18 categories to reflect what consumers and businesses are actually buying.

Source:

<https://www.forbes.com/sites/rahulrazdan/2020/04/03/covid-19-the-digital-economy-change-agent-/#5cf42fac1bf9>
<https://www.zdnet.com/article/adobes-digital-economy-index-highlights-how-covid-19-altered-e-commerce/>

DISCLAIMER: The article in this newsletter is the initiative of DOSM officers based on ad-hoc observation and collection of brief information in the field during the Movement Control Order. It does not meet the country's official statistics released standards. Therefore, the content of this newsletter cannot be interpreted as DOSM's official statistics.

Appreciation to:
i. Ms. Hasnah Mat
ii. Ms. Norul Anisa Abu Safran

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