

Malaysia Digital Investment Outlook & Strategy

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

Incorporated as a private company limited by shares under
Company Act 1965 on 5 June 1996

(MJM No. 175/2014/96, Cabinet meeting 20 March 1996)

High-powered
implementation
agency for policies
and development of
digital economy.

Coordinate digital
economy strategies
and developmental
programmes
between public and
private sectors.

Attract digital
investment and
promote Malaysia
globally as the
preferred digital
investment location.

One-stop shop to
coordinate
support amongst
various agencies.

MDEC STRATEGIC FRAMEWORK

OUR VISION

For Malaysia to be the preferred hub for world class digital businesses and talents.

OUR MISSION

Drive the digital economy through catalytic high-impact initiatives, strategic and sustainable investments, and inclusive policies.

DELIVERED VIA 6 STRATEGIES

- ✱ Drive high value digital investments
- ✱ Provide a launchpad for tech companies into ASEAN & beyond
- ✱ Drive digital adoption to grow local businesses
- ✱ Create a digitally-savvy society
- ✱ Facilitate a business-friendly and sustainable digital economy ecosystem
- ✱ Build a high-performing and efficient organisation

Southeast Asia : Next Frontier Of Digital Economy



Malaysia as your Digital Hub of ASEAN

Association of Southeast Asian Nations (ASEAN)

4

Malaysia At a Glance

- **Population:** 32.7 mil (16 mil labour force; 1.21 mil in Digital Economy)
- **GDP:** USD419 billion in 2022 (current prices)
- **Digital Economy:** USD 83.6 billion (23.2% contribution to GDP in 2021; growth of 12.1%)
- **Internet Penetration rate:** 96.8% (31.7 million internet users)
- **Ranks 1st in Southeast Asia** as the country with the most potential to **attract FDI** in the 2022 Milken Institute Global Opportunity Index
- **3rd in Kearney's Global Services Location** Index since 2004



~2+ hours flight to all ASEAN countries

4 hours drive to neighbouring countries



ASEAN's Digital Opportunities

Population: 663 Million in 2021 (3rd largest world population & workforce)

GDP: USD3.3 trillion in 2021 with 3.4% growth rate (5th world largest economy)

FDI Inflows: USD 174 billion in 2021 (12% of global FDI)

Internet Users: 440 Million (80% are digital consumers)

Digital Economy predicted to reach USD1 trillion by 2030 driven by e-Commerce, food delivery, online media, and health, education & financial technology

**Choose
Malaysia**

**Business Stability &
Continuity**

**Mature Digital
Infrastructure &
Innovative Ecosystem**

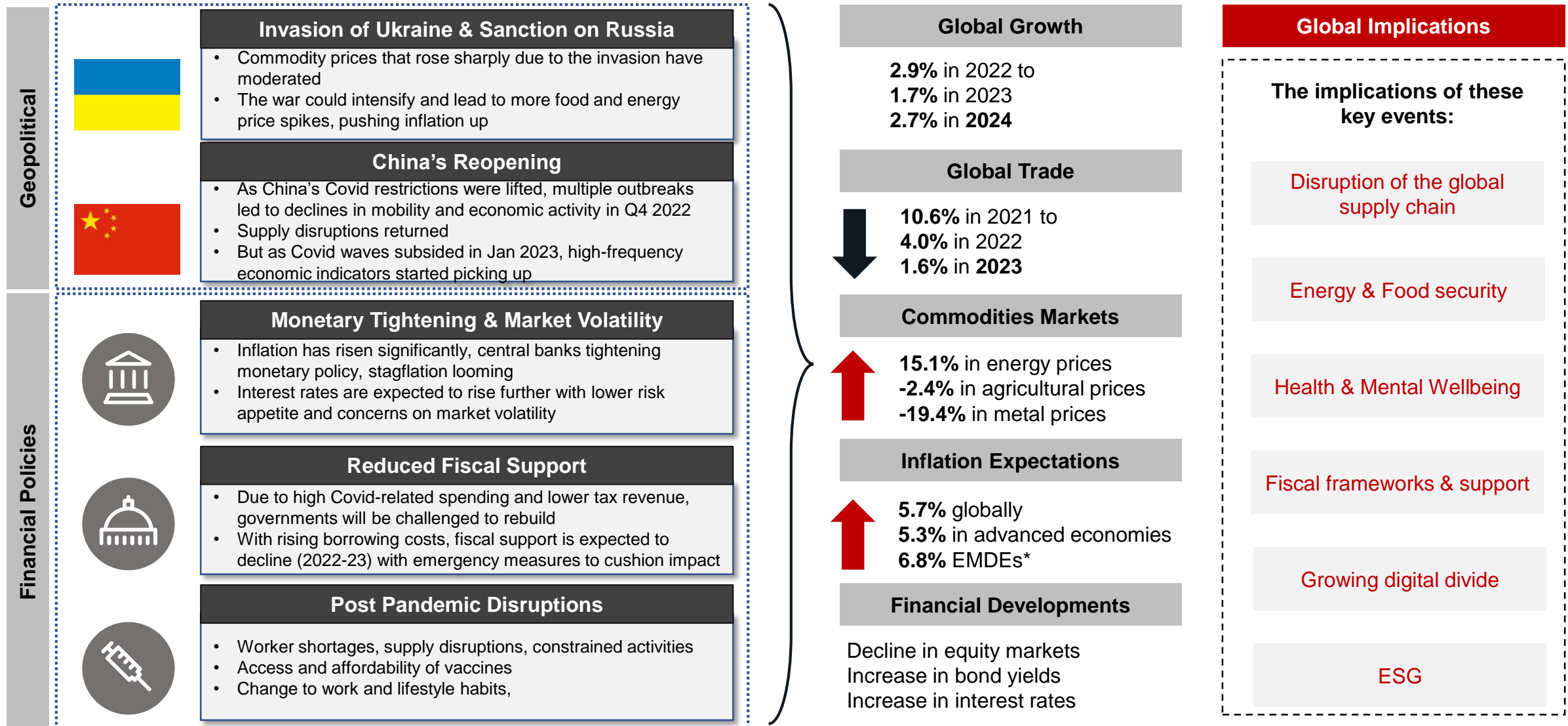
**Multilingual &
Digitally-savvy Talent
Pool**

**Value-driven Cost of
Doing Business**

**Signatory to CPTPP,
RCEP, OECD, Asean
FTA**

Global Disruptions Impacting Economic Growth

There are **five principal forces** that will shape the near-term global outlook



ASEAN is Growing and Stable

Through existing economic indicators, **Malaysia** is seen moving **towards recovery and growth** within ASEAN and the world.

Table 1.1. Overview of the World Economic Outlook Projections
(Percent change, unless noted otherwise)

	2022	Projections	
		2023	2024
World Output	3.4	2.8	3.0
Advanced Economies	2.7	1.3	1.4
United States	2.1	1.6	1.1
Euro Area	3.5	0.8	1.4
Germany	1.8	-0.1	1.1
France	2.6	0.7	1.3
Italy	3.7	0.7	0.8
Spain	5.5	1.5	2.0
Japan	1.1	1.3	1.0
United Kingdom	4.0	-0.3	1.0
Canada	3.4	1.5	1.5
Other Advanced Economies ²	2.6	1.8	2.2
Emerging Market and Developing Economies	4.0	3.9	4.2
Emerging and Developing Asia	4.4	5.3	5.1
China	3.0	5.2	4.5
India ³	6.8	5.9	6.3
Emerging and Developing Europe	0.8	1.2	2.5
Russia	-2.1	0.7	1.3
Latin America and the Caribbean	4.0	1.6	2.2
Brazil	2.9	0.9	1.5
Mexico	3.1	1.8	1.6
Middle East and Central Asia	5.3	2.9	3.5
Saudi Arabia	8.7	3.1	3.1
Sub-Saharan Africa	3.9	3.6	4.2
Nigeria	3.3	3.2	3.0
South Africa	2.0	0.1	1.8
Memorandum			
World Growth Based on Market Exchange Rates	3.0	2.4	2.4
European Union	3.7	0.7	1.6
ASEAN-5 ⁴	5.5	4.5	4.6
Middle East and North Africa	5.3	3.1	3.4
Emerging Market and Middle-Income Economies	3.9	3.9	4.0
Low-Income Developing Countries	5.0	4.7	5.4



4.0%

Malaysia's economic growth is projected to expand by 4.0% in 2023 amid an expected slowdown in external demand.

3.0%

Inflation is still **relatively low** between 2.5% and 3.0%, in comparison to the expected global median at 5.7% and EMDEs at 6.8%.

3.2%

Improvements in the labor market is a boost, with **unemployment rate decreasing** from 4.3% in 2021 to 3.2% in 2022.

Supported by

- Recovery of Malaysian businesses (increase in trade)
- Policies & programs to reduce unemployment
- Financial support to households

The ASEAN-5 block itself is outperforming the advanced economies with a projected growth of **4.5%** in 2023.

Other Contributing Factors














- Openness to trade and investment policies (CPTPP, RCEP, ASEAN FTAs etc)
- Robust DE frameworks (MyDIGITAL, Ind4wrld, MD etc)
- Mature, skilled & stable workforce
- Reliable digital infrastructure
- Strength as an “export” or offshoring location
- ESG adoption & SDG alignment

Source: World Economic Outlook, IMF April 2023

Source: Malaysia Economic Monitor, World Bank February 2023 & Global Economic Prospects, World Bank January 2023

Malaysia: Digital Hub Of ASEAN

Positioning Malaysia as a **balanced and holistic ecosystem** relative to other ASEAN countries to attract investors interested in the region

	MY 	ID 	TH 	VN 	PH 	 Malaysia's Ranking Highlights
Global Rankings						
Kearney's Global Services Location Index 2021	3 rd 	4 th	10 th	6 th	9 th	– Drops 16 ranks if digital resonance is the central selection criteria
Milken Institute's Global Opportunity Index 2022	25 th 	57 th	34 th	67 th	83 rd	+ Ranks 1 st in emerging Southeast Asia as the country with the most potential to attract FDI
IMD World Digital Competitiveness Ranking 2022	31 st 	51 st	40 th	-	56 th	+ Ranks 5 th globally in government cyber security capacity
IMD World Competitiveness Ranking 2022	32 nd 	44 th	33 rd	-	48 th	+ Ranks 4 th in Asia in the economic performance factor
WIPO Global Innovation Index 2022	36 th 	75 th	43 rd	48 th	59 th	+ Ranks 3 rd globally in Graduates in Science & Engineering sub-index
Surfshark's Digital Quality of Life Index 2022	38 th 	72 nd	49 th	70 th	55 th	+ Ranks 5 th in Asia in e-security and internet affordability
INSEAD Global Talent Competitiveness Index 2022	45 th 	82 nd	75 th	74 th	80 th	+ Ranks 4 th globally in high value exports of global knowledge skills

Regional & Bilateral Cooperation

Malaysia is a signatory to 9 Regional FTAs & 7 Bilateral FTAs with regular participation in OECD initiatives, gaining preferential access in specific sectors including digital services

Regional FTAs



ASEAN, 1993 ASEAN-China FTA, 2003 ASEAN-Korea FTA, 2006



ASEAN-Japan
Comprehensive Economic
Partnership, 2009



ASEAN-Australia-New
Zealand FTA, 2010



Regional Comprehensive
Economic Partnership,
2022



ASEAN-India FTA, 2010



ASEAN-Hong Kong
FTA, 2019



Comprehensive and
Progressive Agreement for
Trans-Pacific Partnership,
2022

Bilateral FTAs



Malaysia-Japan
Economic Partnership
Agreement, 2006



Malaysia-Pakistan
Closer Economic
Partnership
Agreement, 2008



Malaysia-New
Zealand FTA, 2010



Malaysia-India
Comprehensive
Economic
Cooperation
Agreement, 2011



Malaysia-Chile FTA,
2012



Malaysia-Australia
FTA, 2013



Malaysia-Turkiye
FTA, 2015

Access to
>4 billion
population
in 23
countries



Participation includes:

- OECD Southeast Asia Regional Programme (SEARP)
- Signatory to the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent **Base Erosion and Profit Shifting (BEPS)**



Kuala Lumpur hosts the AIAC, an **international arbitral institution** for domestic & international arbitration and other alternative dispute resolution (ADR) proceedings

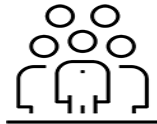
Malaysia Digital Investment Strategy

Through the MDIS, attracting FDIs and DDIs in the sector tech focus areas through the underlying tech enablers will help address key global issues

5-YEAR TARGETS (2021 – 2025)



RM50 billion
investment



50,000 jobs
created

FORTUNE

50 Fortune Tech 500
companies



5 Global Unicorns to
setup in Malaysia

MD FOCUS AREAS

1 DIGITAL TRADE

2 DIGITAL SERVICES

3 DIGITAL CITIES

4 DIGITAL FINANCE

5 DIGITAL TOURISM

6 DIGITAL AGRICULTURE

7 DIGITAL HEALTH

8 DIGITAL CONTENT

9 ISLAMIC DIGITAL ECONOMY

TECH ENABLERS

1 DATA CENTRE / CLOUD

2 CYBERSECURITY

3 DRONE TECH

4 BLOCKCHAIN

5 INTERNET OF THINGS (IOT)

6 ROBOTICS /
AUTOMATION

7 ARTIFICIAL INTELLIGENCE (AI)
AND/OR BIG DATA ANALYTICS (BDA)

8 CREATIVE MEDIA TECHNOLOGY
INCLUDING EXTENDED REALITY (XR) /
MIXED REALITY (MR)

9 ADVANCE NETWORK CONNECTIVITY
AND/OR TELECOMMUNICATION
TECHNOLOGY

10 INTEGRATED CIRCUIT (IC) DESIGN
AND/OR EMBEDDED SOFTWARE

Alignment with SDGs

8 DECENT WORK AND
ECONOMIC GROWTH



9 INDUSTRY, INNOVATION
AND INFRASTRUCTURE



26y of MSC MALAYSIA: Foundation Strong For The Nation's Digitalization Agenda

10

1996 – 2003 (Phase 1)
Making MSC Happen

2003 – 2010 (Phase 2)
Driving Transformation

2010 – 2020 (Phase 3)
Championing Digital Economy

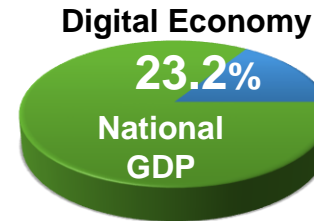
2021 onwards
Accelerating Digital Economy



Cyberjaya 1997



Cyberjaya 2023



*DOSM 2021



➤ “Digital” is the Economy

- /// To promote digital adoption
- /// To boost digital economy activities
- /// To accelerate Digital Investments

➤ Aligned with Malaysia Digital Economy Blueprint (MyDIGITAL)

- /// Increase DE contribution to GDP to 25.5% by 2025
- /// RM70 billion investments
- /// 500,000 high value jobs
- /// Attract unicorns (homegrown/foreign)

National strategic initiative to:

- /// Create **conductive ecosystem**
- /// **Grow local ICT companies** and attract global investments
- /// Promote **digital adoption, talent pool** and create **high income jobs**
- /// Transform Malaysia into a **knowledge-based economy**.



Total Investments
RM 495 billion



Physical Infrastructure
72 Cybercities/Cybercentres &
22 Malaysia Digital Hubs



Total Revenue
RM 695 billion



Local Tech Champions
75% local MSC companies
180 companies under GAIN



Knowledge Transfer
216,404 jobs, 87% Local
Knowledge Workers



Global Ranking
Top 3 in Kearney Global
Services Location Index since
2004

As of June 2022

Malaysia Digital is a national strategic initiative by the government to encourage and attract companies, talents and investment while enabling Malaysian businesses and Rakyat to play a leading part in the global digital revolution/digital economy.



The Mission

Help to **drive digital adoption** among aspiring young entrepreneurs, companies and the Rakyat.

Support local tech companies to become **“Malaysian Champions”** - successful international players.

To attract **high-value investments**.

FRIENDLY

Easy, friendly to investor/ company to be part of MD Status, lower threshold entry level.

FLEXIBLE

Flexibilities and opportunities for MD status companies to operate, grow, expand, or invest anywhere in Malaysia.

FASTER

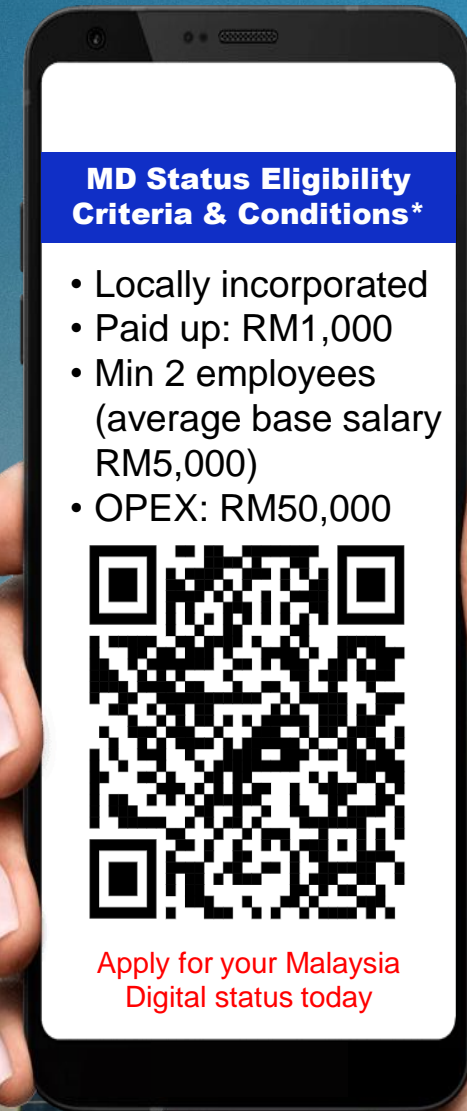
Improved governance and processes to meet the industries' diverse needs at speed.

MD STATUS

12

- ⚙ MD Status replacing MSC-status
- ⚙ Flexible offerings – BOG decoupled from tax incentives
- ⚙ No location requirement

<https://mdec.my/malaysiadigital/apply/>



MD Status Eligibility Criteria & Conditions*

- Locally incorporated
- Paid up: RM1,000
- Min 2 employees
(average base salary RM5,000)
- OPEX: RM50,000



Apply for your Malaysia
Digital status today



MD STATUS BENEFITS

**Companies may apply for 10
BoGs & additional benefits**

1

Competitive & ready infrastructure & services for business available at designated locations [BoG 1 & 8];

2

Foreign knowledge worker quota & passes [BoG2];

3

Freedom of ownership by exempting from local ownership requirements [BoG3];

4

Flexibility to source capital & funds globally [BoG4];

5

Tax incentives (income tax exemption or investment tax allowance) [BoG5];

6

Multimedia/ICT equipment import duty and sales tax exemption [BoG5];

7

IP protection and Cyberlaws [BoG6];

8

No Internet censorship [BoG7];

9

Key infrastructure contracts by Government [BoG9];

10

High powered implementation agency [BoG10]

11

Access to local and international market and ecosystem;

12

Business matching & partnership;

13

Grant and funding facilitation; and/or

14

Participation in MD catalytic program

Note:

1. [BoG – Bill of Guarantees](#)

2. *The benefits are also subjected to applicable terms and conditions.*

MDEC: The national digital investment promotion agency to help you land and expand in Malaysia and beyond



14

FOREIGN TECH TALENT FACILITATION



Fast tracked foreign tech talent visa process



Global entrepreneur work visas



Digital nomad visa facilitation

Visa exemption and express immigration process

INCENTIVES AND SUPPORT



10 Bill of Guarantees by the Malaysian government including:

- Tax exemption
- Employment of local / foreign knowledge workers
- No internet censorship

POLICY / REGULATORY ADVOCACY

- Data Centre & Cloud
- Data & AI
- E-Commerce
- Investment
- Islamic Digital Economy
- Other digital sectors



ECOSYSTEM SUPPORT AND ACCESS

Startup Launchpad

Talent



Local Tech Champions Community



DYNAMIC STARTUP ECOSYSTEM

Accelerators



Funders



Sandboxes



GRANTS AND ALTERNATIVE FUNDING

Grants

- Development of technology
- Digital Content
- Digitalization & Automation
- Hiring & Skilling

ECF

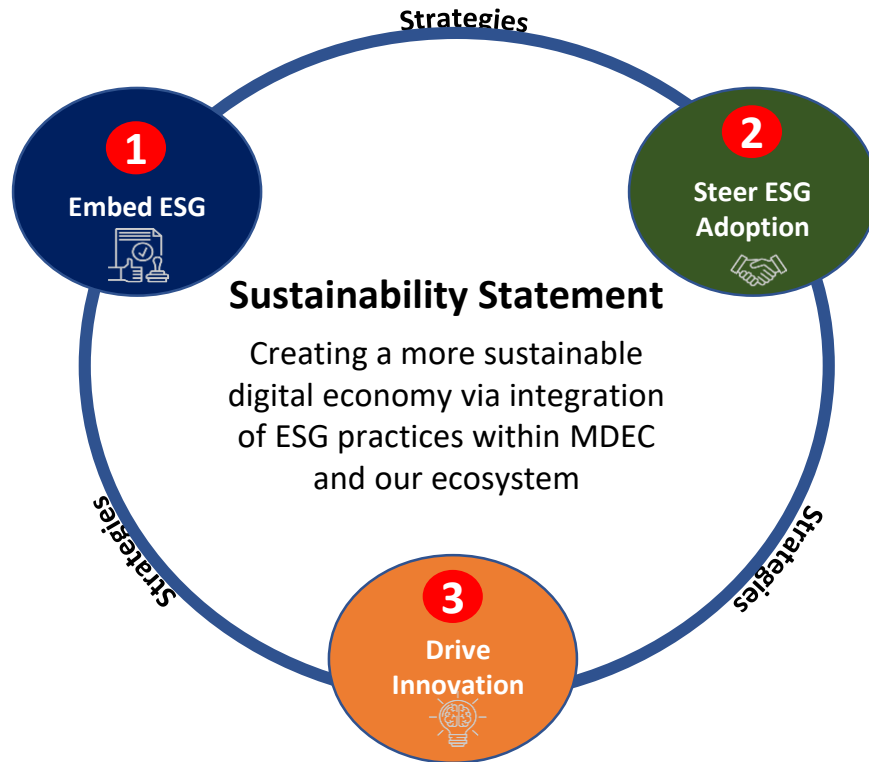


P2P



MDEC is committed to integrating ESG into the Digital Economy ecosystem

MDEC ESG Roadmap



Key Priorities

Data privacy & cybersecurity

Diversity & Inclusion

Climate Action

Aligned to 10 UN SDGs



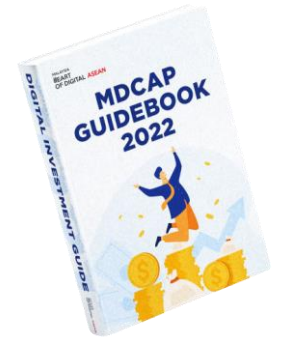
Malaysia Digital Climate Action Pledge (MDCAP)

- Announced at **Malaysia Digital Week 2022**
- Aims to galvanise climate action by digital economy businesses.
- Companies choose 2 out of 6 commitments and disclose performance within 12 months

Partnership with:



Global Compact Network Malaysia & Brunei



1. Sharing of *climate action best practices*.
2. Conducting operations in an *environmentally responsible* manner.
3. Taking action to *minimise GHG emissions*.
4. Encouraging *stakeholder dialogue*.
5. Implementing *responsible sourcing*.
6. Defining a *climate governance strategy*

**Scan here and let us assist you to land
and expand in Malaysia and beyond.**



Thank you

 MyMDEC  mymdec  mymdec  mdec.my

  Malaysia Digital Economy Corporation