



HIGH LEVEL SEMINAR ON THE DIGITAL ECONOMY: A POLICY AND STATISTICAL PERSPECTIVE



Definition and Scope of Digital Economy: Malaysia's Perspective



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PRESENTATION OUTLINE

- INTRODUCTION
- THE STATE OF MALAYSIA'S DIGITAL ECONOMY
- CURRENT EFFORTS TO IMPROVE DATA COLLECTION OF DIGITAL ECONOMY
- WAY FORWARD

1. INTRODUCTION

Governance of Malaysia's ICTSA

MSC Malaysia Implementation Council Meeting (ICM)

Chair: Prime Minister

Digital Economy Satellite Account Steering Committee

Chair: Ministry of Communication & Multimedia Malaysia (KKMM)

ICTSA Steering Committee

Chair: Secretary General
KKMM

ICTSA Technical Committee

Chair: Under Secretary
KKMM

Data Primer Committee (ICTSA)

Chair: DOSM

**Secondary Data:
Integrated Intelligence & Transformative
System (INSIGHTS)**

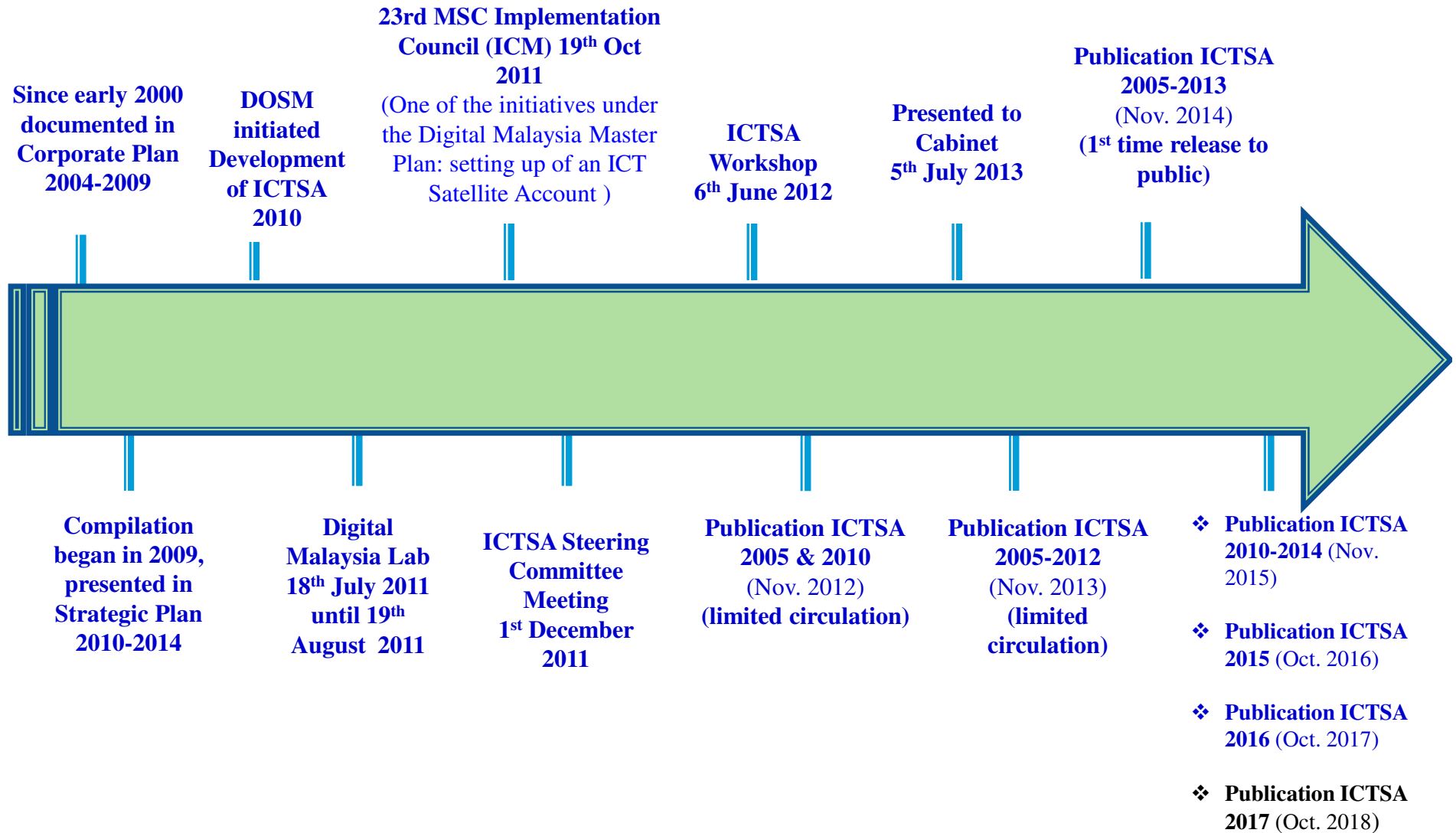
Chair: KKMM /

Malaysia Digital Economy Corporation (MDEC)

e-Commerce Committee

Chair: Subject Matter Division

The Chronology of Malaysia's ICTSA Development



2. THE STATE OF MALAYSIA'S DIGITAL ECONOMY

Scope and Definition

- ❑ Malaysia has broader definition than OECD countries (World Bank, 2018)
- ❑ ICT definition adopted from OECD Guide to Measuring the Information Society 2011 with some modification
- ❑ Methodology of compiling e-commerce refers to OECD Internet Economy Outlook 2012
- ❑ ICT Industry includes ICT Manufacturing, ICT Trade, ICT Services and Content & Media

If Malaysia's ICT sector is approximated using the OECD's industry classifications and definition, it still accounted for 9.7% of GDP in 2015 (World Bank, 2018).

Classification of ICT Industries & Products

ICT industries*

1. ICT manufacturing industries
2. ICT trade industries
3. ICT services industries
4. Content and media industries
 - i. Publishing of books, periodicals and other publishing activities
 - ii. Motion picture, video and television Programme activities
 - iii. Sound recording and music publishing activities
 - iv. Programming and broadcasting activities
 - v. Other information service activities

ICT products**

1. ICT Goods
 - i. Computers and peripheral equipment
 - ii. Communication equipment
 - iii. Consumer electronic equipment
 - iv. Miscellaneous ICT components and goods
 - v. Manufacturing services for ICT equipment
2. ICT Services
 - i. Business and productivity software and licensing services
 - ii. Information technology consultancy and services
 - iii. Telecommunications services
 - iv. Leasing or rental services for ICT equipment
 - v. Other ICT services
3. Content and Media products
 - i. Printed and other text-based content on physical media, and related services
 - ii. Motion picture, video, television and radio content, and related services
 - iii. Music content and related services
 - iv. Games software
 - v. On-line content and related services
 - vi. Other content and related services

Note:

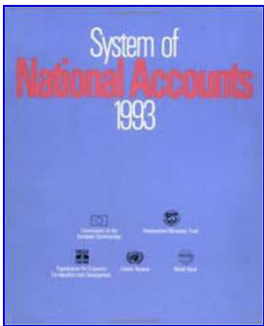
* International Standard of Industrial Classification (ISIC) Rev.4
Malaysia Standard Industrial Classification (MSIC) 2008

** Central Product Classification (CPC) Ver.2.0
Malaysia Classification of Products by Activity (MCPA) 2009

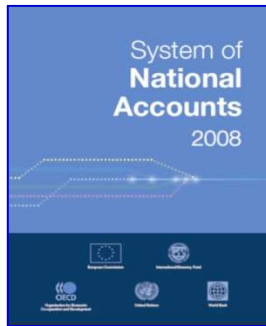
Source: OECD Guide to Measuring Information Society 2011

References Manual

**SNA
1993**



SNA 2008



**Balance of Payments
and International
Investment Position
Manual (BPM6)**



**International Merchandise
Trade Statistics: Concepts
and Definitions 2010
(IMTS 2010)**



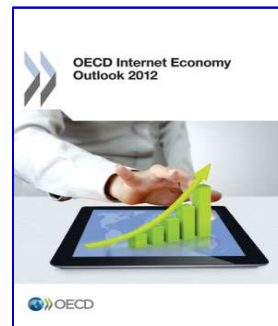
**Eurostat Manual of
Supply, Use and
Input-Output
Tables 2008**



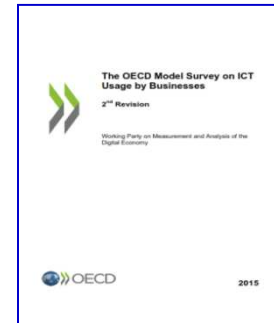
**OECD Guide to
Measuring
Information
Society 2011**



**OECD Internet
Economy
Outlook 2012**

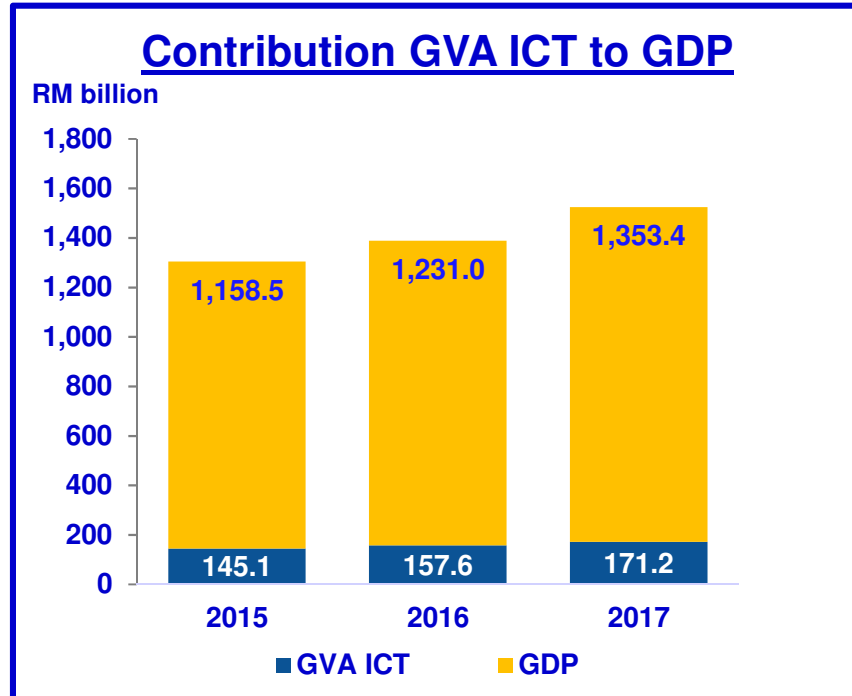


**The OECD Model Survey on ICT
Usage by Businesses 2015**



Simulation of ICT Definition: Malaysia: Comparison between Approach 1 and Approach 2

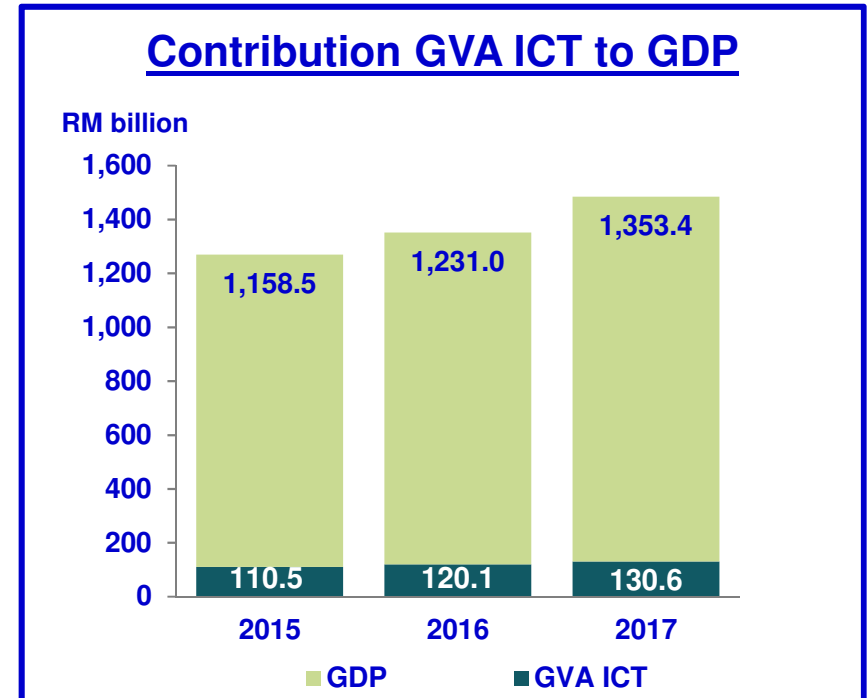
Approach 1: OECD Guide to Measuring the Information Society 2011



| Year | 2015 | 2016 | 2017 |
|----------|-------|-------|-------|
| % to GDP | 12.5% | 12.8% | 12.6% |

| | | |
|----------------------|--------------------|--------------|
| Total GVA ICT | RM171,189 m | 12.6% |
| ICT Manufacturing | RM63,293 m | 4.68% |
| ICT Trade | RM24,574 m | 1.82% |
| ICT Services | RM72,196 m | 5.33% |
| Content and media | RM11,126 m | 0.82% |

Approach 2: OECD Digital Economy Outlook 2017



| Year | 2015 | 2016 | 2017 |
|----------|------|------|------|
| % to GDP | 9.5% | 9.8% | 9.6% |

| | | |
|----------------------|--------------------|---------------|
| Total GVA ICT | RM130,557 m | 9.653% |
| ICT Manufacturing | RM63,293 m | 4.68% |
| ICT Services | RM67,224 m | 4.97% |
| Content and media | RM40 m | 0.003% |

The ICT and e-Commerce Performance in 2017

- ❑ Digital economy contributes 18.3% to Malaysia's economy in 2017 and targeted to reach 20.0% by 2020.
- ❑ In 2017, 13.2% was from the ICT sector and 5.1% of e-commerce non ICT Industry
- ❑ ICT Industry: Services 40.5%, Manufacturing 36.1% and Trade 13.8%
- ❑ Value added of e-commerce consists of ICT industry, 1.2% and non ICT industry, 5.1%
- ❑ ICT industry contributes 7.6% of total employment

3. CURRENT EFFORTS TO IMPROVE DATA COLLECTION OF DIGITAL ECONOMY

1. Survey/Census Frames

- Malaysia Statistical Business Register (MSBR)
- Trade by Enterprise Characteristic (TEC)
 - Aim the impact of international trade on employment, growth and income (by kind of industry, size of enterprise and other characteristics)
 - Effectiveness of trade policies (e.g., export-promotion, effects on 2-way traders and foreign affiliates)

2. Integration of MSBR with Trade Database (TEC)

- **Guidelines on Statistical Business Registers, UNECE. Para 2.54:**

Coherent compilation of trade statistics by enterprise characteristics requires linkage of trade and business registers at micro level. If this can be achieved, the combination of the key enterprise characteristics and the trade data, such as product code and partner country, offers many opportunities for producing a more complete and diversified view of the structure of both trade and production
- **IMTS 2010 ; Linking Trade And Business Statistics Para 11.5:**

Linking and integrating trade and business statistics is important for data-compilation and analytical purposes

3. The Questionnaires

- Since 2015 – The Surveys/Census Questionnaires includes the Module of Information & Communication Technology (ICT) and e-Commerce.
 - Eight (8) questions related to ICT
 - Ten (10) questions related to e-Commerce

4. Supply Use Tables (SUT) Framework

- To integrate the ICT and e-Commerce dimensions in the existing SUT framework.
- Future purposes to generate the Satellite accounts of ICT and e-Commerce
- To estimate multipliers of ICT and e-commerce

4. WAY FORWARD

- Looking forward for the official definition of Digital Economy.
Data are internationally comparable.
- Integrating the existing SUT Framework with Digital Economy.
 - To improve the frequency of data releases
 - Able to deep dive to more granular level.

Thank You



Welcoming 62nd
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