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e-Conomy

SEA 2021

Roaring 20s: The SEA Digital Decade

MALAYSIA

Content



e-Cconomy SEA research methodology



Primary
research*



Temasek
insights



Bain
analysis



Google
Trends



Expert
interviews
& industry
sources

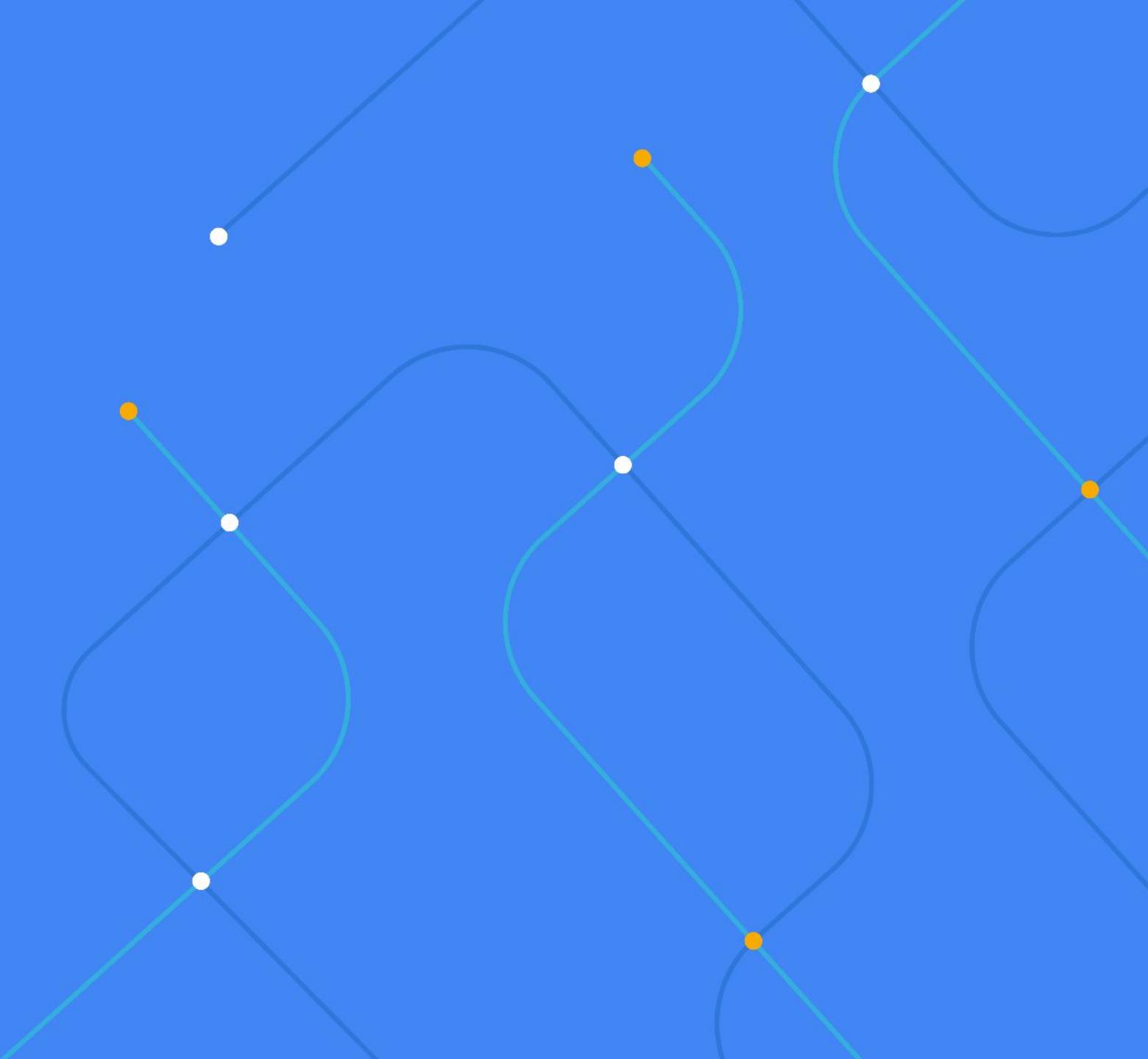
In partnership with



Note: All dollar amounts in this report are in USD.

*Google commissioned Dynata to run a SEA-6 Digital Merchant Survey, and Kantar to run the e-Cconomy SEA consumer survey. Both research studies were conducted in Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam. Fieldwork for the consumer research ran from 16/07/2021 - 16/08/2021 online via a 25-minute Computer Assisted Web Interview survey with a total of 9,402 respondents interviewed. Fieldwork for the merchant research ran from 04/08/2021 - 16/08/2021 online with a total of 3,036 respondents surveyed. The 2020 GMV numbers have also been updated with more up-to-date estimates.

English



Malaysia Main takeaways

- **Consumers cruise into a new way of life**
Malaysia has seen 3M new digital consumers since the start of the pandemic in 2020 (up to H1 2021), with **81% of all internet users now consuming digital services**. The pandemic has led to a permanent shift in digital adoption in Malaysia - **94% of pandemic consumers are still using the services till today and 98% intend to continue going forward**. Pre-pandemic users - those who used the services before the pandemic - have **used an average of 4.2 more services since the pandemic began**, and amongst all users, satisfaction with the services sit at 76% across verticals.
- **Resilience gives way to resurgence**
Overall, all internet sectors rebounded strongly with double-digit YoY growth. **Malaysia's 2021 GMV is expected to reach a total value of \$21B - a 47% YoY surge**. The steep increase is underpinned by a **68% growth in e-commerce**. Looking at **2025, the overall internet economy will likely reach \$35B in value**, growing at 14% CAGR. Digital financial services were in focus this year as the race for new digital banking licences from Bank Negara heated up.

Digital merchants take off

In Malaysia, **43% of digital merchants believe that they would not have survived the pandemic if not for digital platforms** - the highest in the region given the strict lockdowns in the past year. This, however, has accelerated digital adoption by merchants, with **98% now accepting digital payments and 72% now using digital lending solutions**. Many are also embracing digital tools to engage with their customers, with **70% expecting to increase usage of digital marketing tools** in the next five years.

Funding on track to reach new heights

As investors become accustomed to the 'new normal' in dealmaking, deal activity rebounded strongly in the first half of 2021 and is **on track to hit the highest record in recent years**. **Investment appetite remains strong in the digital services that surged as a result of COVID-19**, such as in e-commerce, fintech, healthtech and edtech. With the emergence of **Malaysia's first unicorn** this year, the outlook for continued funding growth is optimistic.

Malaysia

Exponential growth in digital consumers

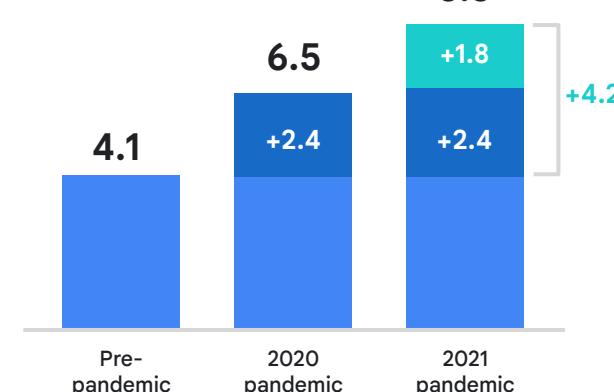
(who intend to continue using digital services)

Penetration

- Pre-pandemic consumers: **69.1%**
- New digital consumers 2020: **8.5%**
- New digital consumers 2021 (H1): **3.2%**
- Non users: **18.8%**



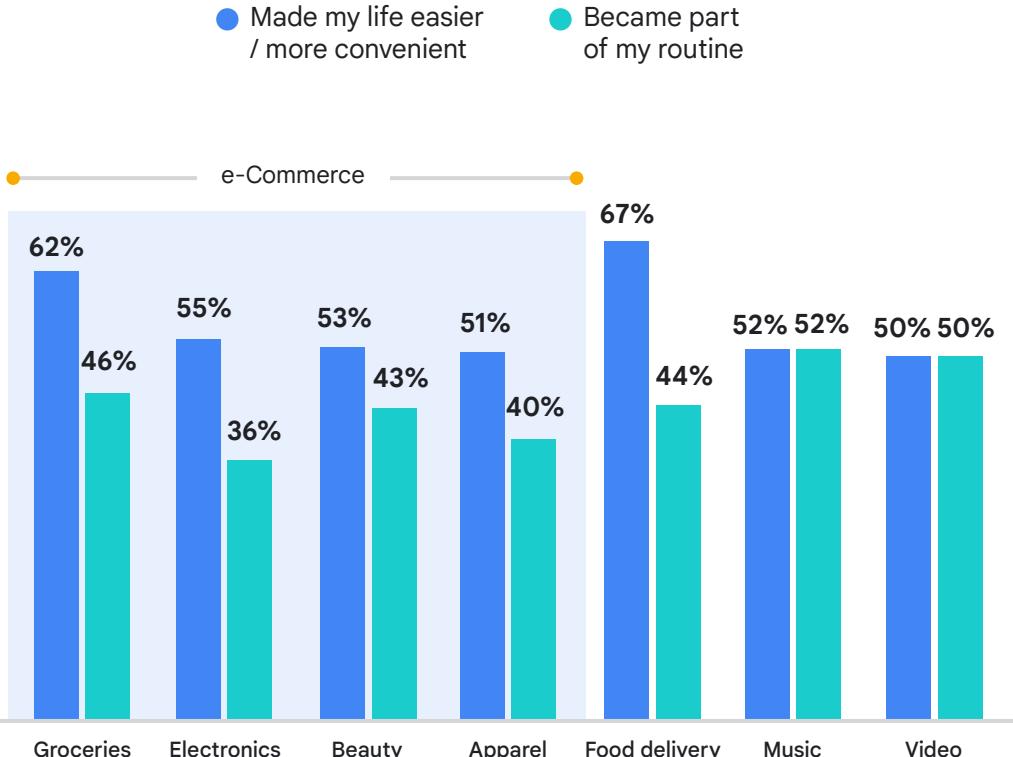
Average number of new digital services consumed by a pre-pandemic user over time



Source: Google-commissioned Kantar SEA e-Economy Research 2021.

Note: 'Pre-pandemic consumers' are defined as internet users who were already paying for one or more online services via digital channels in a vertical before Mar 2020. 'New digital consumers 2020' first started paying for one or more online services on digital channels in any vertical for the first time between Mar to Dec 2020. 'New digital consumers 2021 (H1)' first started paying for one or more online services on digital channels from Jan 2021 onwards.

Reasons consumers continue using digital services



Malaysia

Digital merchants are getting **tech-savvy** and **expect to become even more so** in the future

Digital platforms

43%

believe that they would
not have survived the
pandemic if not for
digital platforms

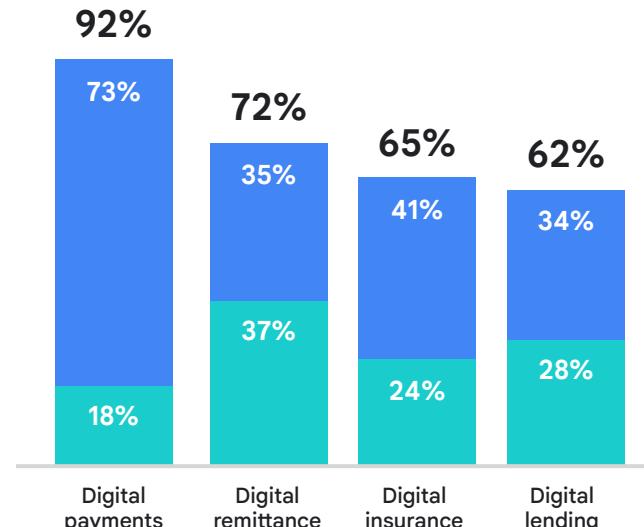
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average number of
digital platforms used
to access consumer
demand online

Digital financial services

% of digital merchants likely to increase or maintain usage
of digital financial services in the next 1 to 2 years

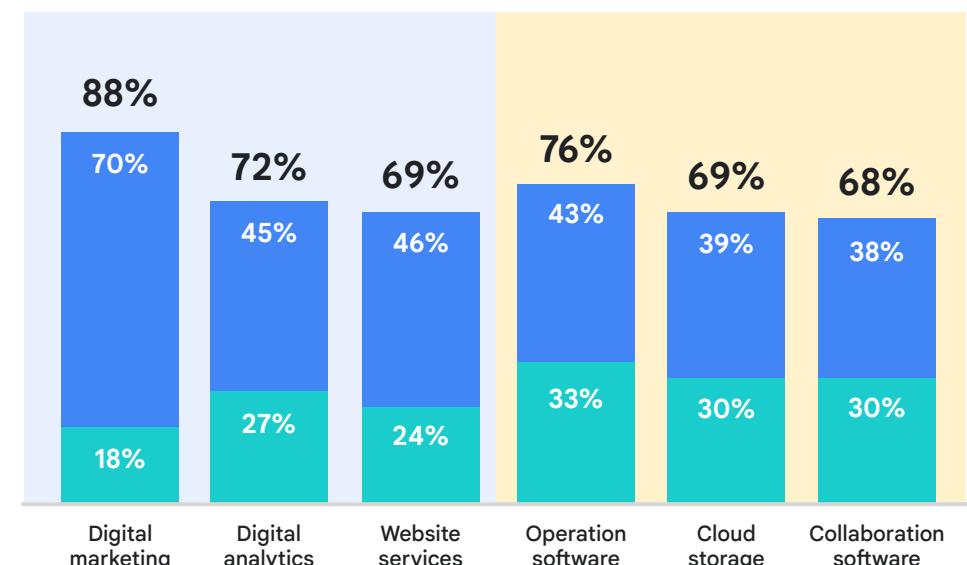
● Likely to increase usage ● Likely to maintain same usage



Digital tools

% of digital merchants likely to increase or maintain
usage of digital tools over the next 5 years

● Likely to increase usage ● Likely to maintain same usage



Source: Google-commissioned Dynata SEA-6 Digital Merchant Survey 2021.

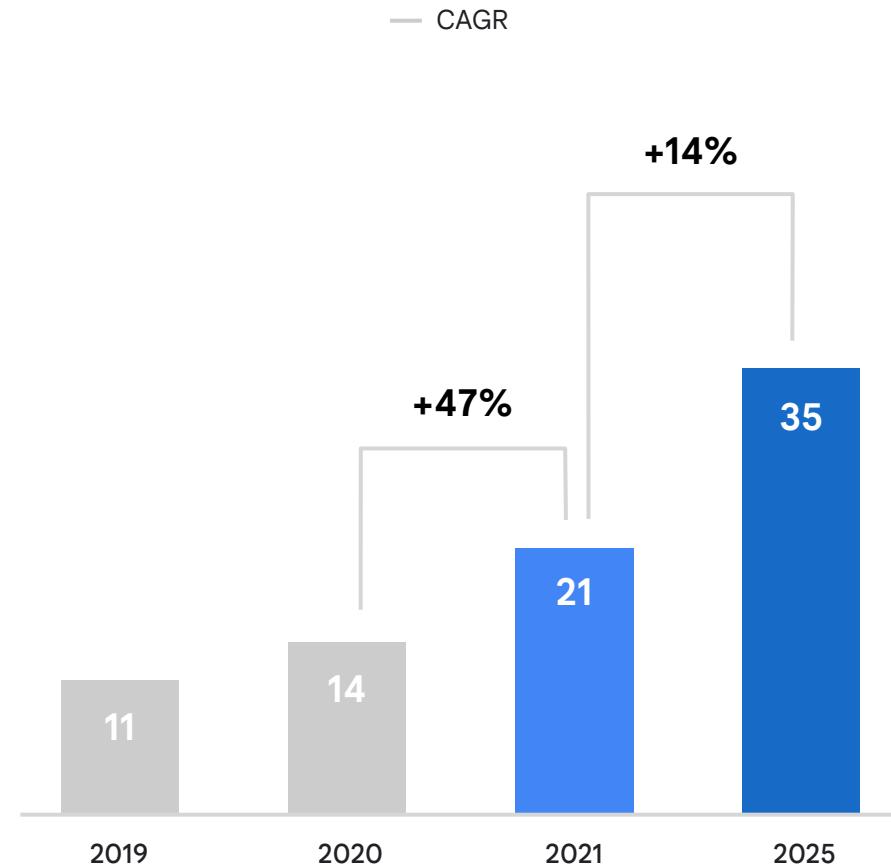
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Internet economy is rising at \$21B, despite lengthy lockdowns

Internet economy by GMV (\$B)

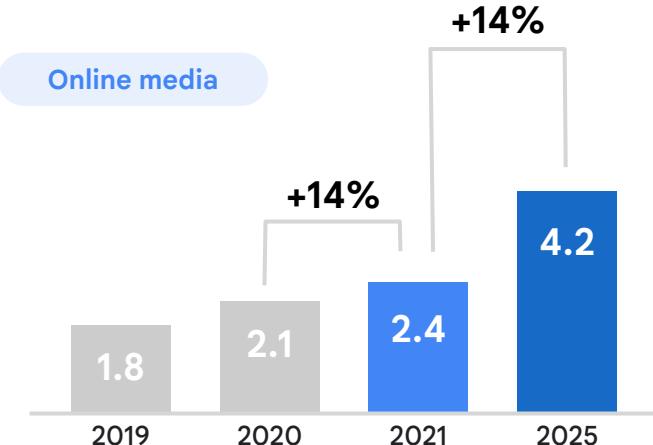
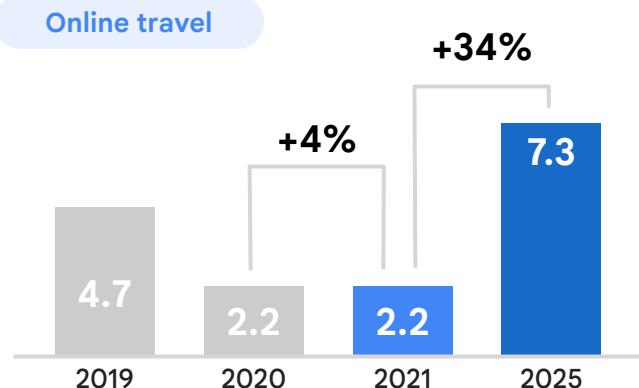
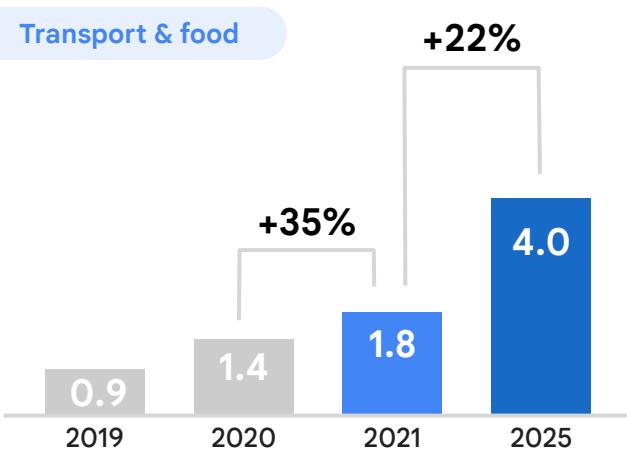
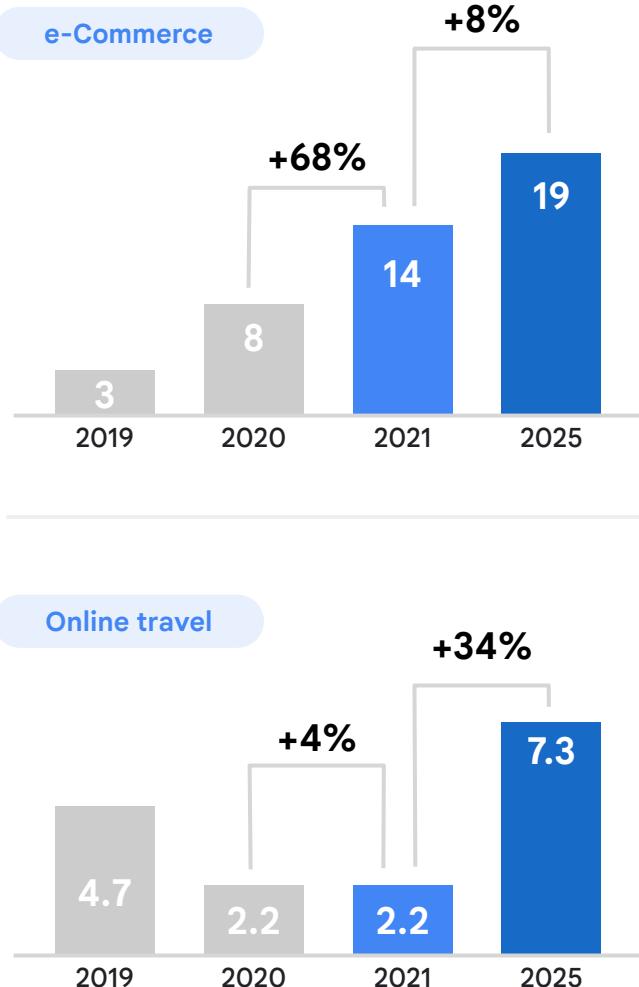


Source: Bain analysis.

Malaysia

Significant surge in e-commerce and transport & food; media and travel enjoy subtle growth

GMV per sector (\$B)

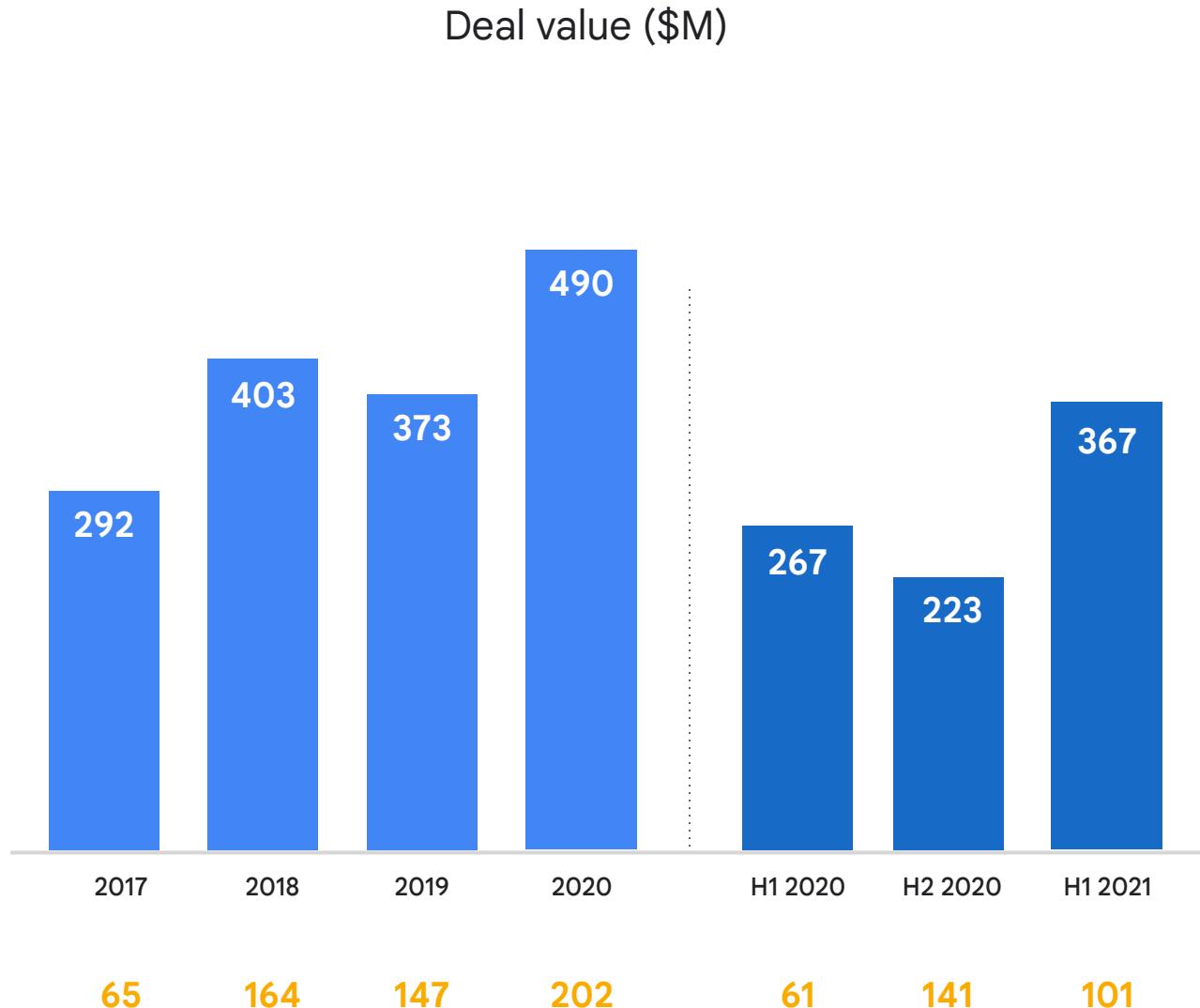


Source: Bain analysis.

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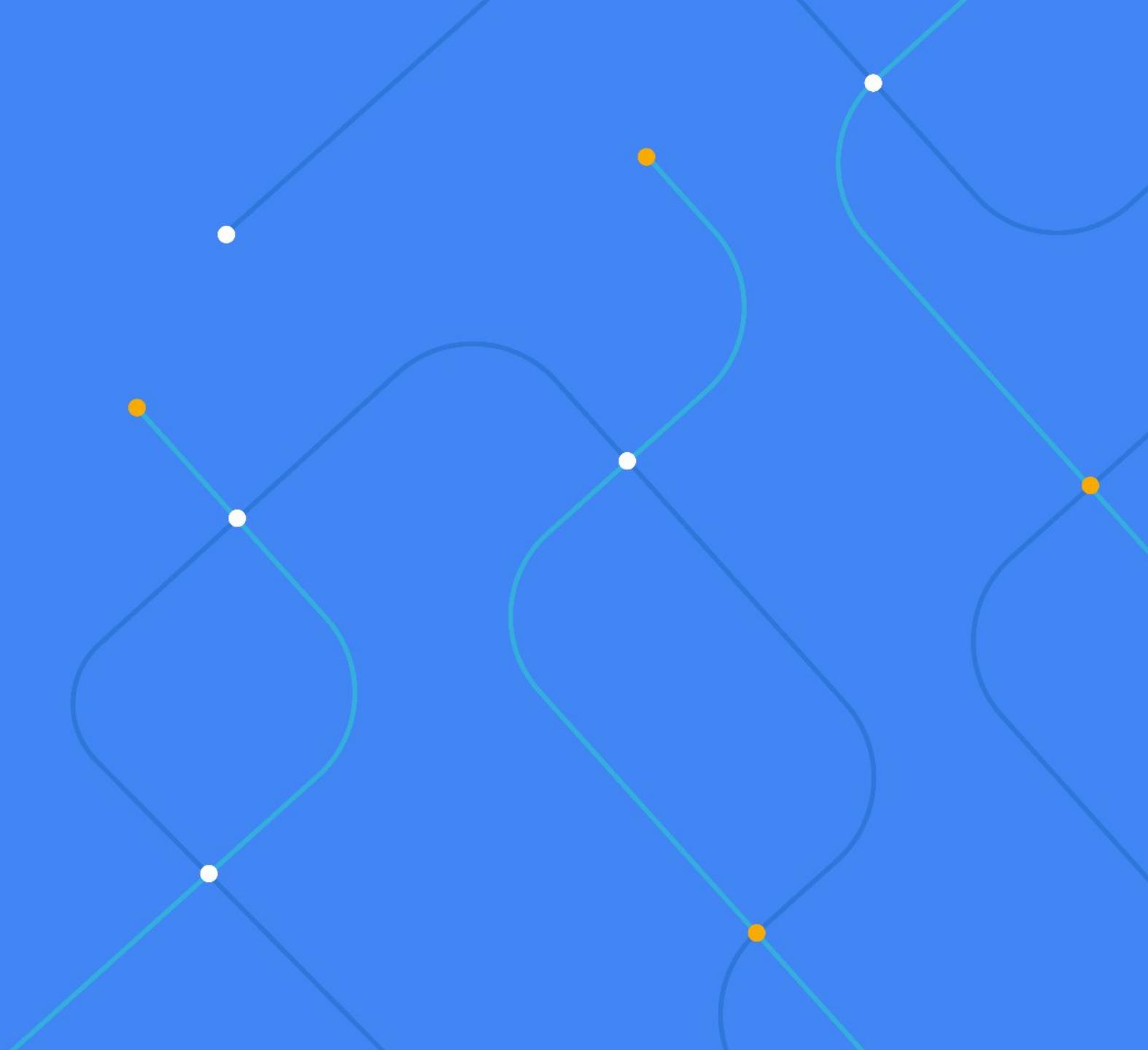
H1 2021 deal value
is on track to
**surpass the deal
values of each of
the last four years**



Source: Industry reports; VC partners; Bain analysis.

Note: Deals include investments by venture capital, private equity and strategic investors.

Bahasa Malaysia



Malaysia Kandungan Utama

Dimensi baharu dalam gaya hidup pengguna

Malaysia telah menyaksikan 3 juta pengguna digital baharu sepanjang pandemik pada 2020 (dan separuh pertama 2021), dengan **81% daripada semua pengguna Internet kini menggunakan perkhidmatan digital**. Pandemik telah membawa kepada peralihan kekal dalam penerimaan digital di Malaysia - **94% pengguna pandemik masih menggunakan perkhidmatan digital hari ini** dan **98% berniat untuk meneruskannya pascapandemik**. Pengguna prapandemik telah menggunakan **secara purata 4.2 perkhidmatan digital tambahan sejak pandemik**. Tahap kepuasan pengguna ialah 76% merentasi pasaran menegak.

Ketahanan memberi laluan untuk bangkit semula

Secara keseluruhannya, kesemua sektor Internet pulih dengan kukuh dengan pertumbuhan dua angka secara tahunan (YoY). **Nilai barangan kasar (GMV) 2021 Malaysia dijangka mencapai jumlah nilai USD\$21B** - peningkatan sebanyak **47% YoY**. Ini disokong oleh **pertumbuhan e-Dagang sebanyak 68%**. Melihat pada 2025, keseluruhan ekonomi Internet mungkin akan menjangkau nilai **USD\$35B**, berkembang pada 14% CAGR. Perkhidmatan kewangan digital adalah fokus tahun ini dengan perlumbaan semakin sengit untuk mendapatkan lesen perbankan digital baharu daripada Bank Negara.

Pedagang digital berkembang pesat

43% pedagang digital di Malaysia percaya bahawa mereka tidak akan dapat bertahan daripada pandemik **tanpa platform digital** - nilai yang tertinggi di rantau ini disebabkan sekatan pergerakan ketat sepanjang tahun lalu. Walau bagaimanapun, ini telah mempercepatkan penerimaan digital oleh pedagang, dengan **98% kini menerima pembayaran digital** dan **72% kini menggunakan penyelesaian pinjaman digital**. Ramai juga yang mula menggunakan alat digital untuk berinteraksi bersama pelanggan, dengan **70% mejangkakan untuk meningkatkan penggunaan alat pemasaran digital** dalam tempoh 5 tahun akan datang.

Pelaburan akan mencapai tahap baharu

Aktiviti pelaburan pulih dengan kukuh pada separuh pertama 2021, dan **berada di landasan untuk mencapai rekod tertinggi dalam tahun-tahun kebelakangan ini** dengan pelabur semakin terbiasa dengan 'norma baharu' untuk membuat urus niaga. **Selera pelaburan kekal kukuh dalam perkhidmatan digital yang melonjak popular akibat COVID-19**, seperti e-dagang, teknologi kewangan, teknologi kesihatan dan teknologi pendidikan. Dengan kemunculan **syarikat unicorn pertama Malaysia tahun ini**, prospek masa hadapan adalah kukuh untuk pertumbuhan pelaburan yang berterusan.



Malaysia

Pertumbuhan eksponen dalam pengguna digital

(yang berhasrat untuk terus menggunakan perkhidmatan digital)

Penembusan perkhidmatan digital

● Pengguna prapandemik: **69.1%**

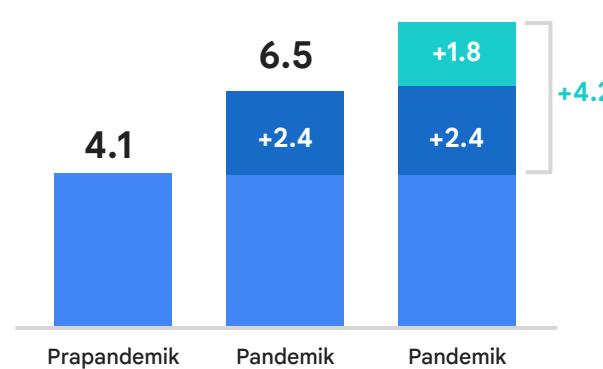
● Pengguna baharu 2020: **8.5%**

● Pengguna baharu 2021 (separuh pertama): **3.6%**

● Bukan pengguna: **18.8%**



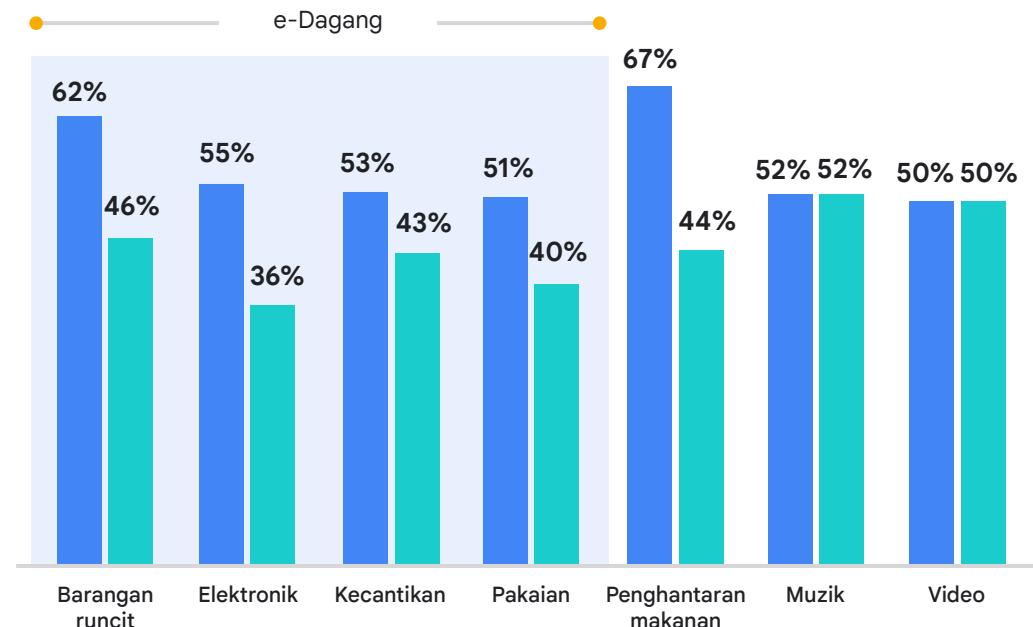
Purata bilangan perkhidmatan digital baharu yang digunakan oleh pengguna prapandemik dari semasa ke semasa



Sebab pengguna terus menggunakan perkhidmatan digital

● Menjadikan hidup saya lebih mudah

● Menjadi sebahagian daripada rutin saya



Sumber: Google-commissioned Kantar SEA e-Economy Research 2021.

Nota: 'Pengguna pra-pandemik' ditakrifkan sebagai pengguna internet yang telah menggunakan satu atau lebih perkhidmatan dalam talian melalui saluran digital sebelum Mac 2020. 'Pengguna digital baharu 2020' mula menggunakan satu atau lebih perkhidmatan dalam talian melalui saluran digital buat kali pertama antara Mac hingga Dis 2020. 'Pengguna digital baharu 2021 (separuh pertama)' mula menggunakan satu atau lebih perkhidmatan dalam talian melalui saluran digital dari Jan 2021 dan seterusnya.

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Pedagang digital semakin **celik teknologi** dan **dijangka akan menjadi lebih hebat lagi** pada masa hadapan

Platform Digital

43%

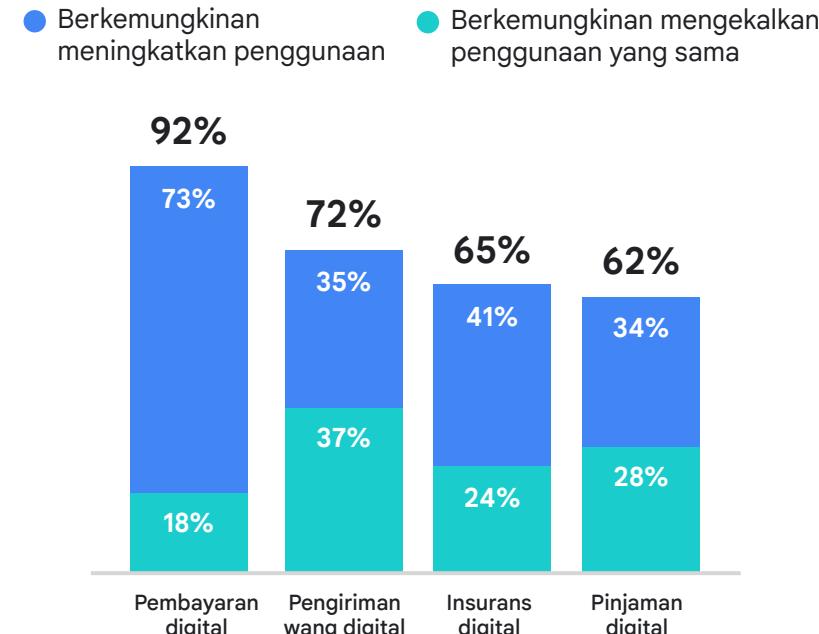
percaya bahawa mereka **tidak akan dapat bertahan daripada pandemik** tanpa platform digital

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purata bilangan platform digital yang digunakan untuk mengakses permintaan pengguna dalam talian

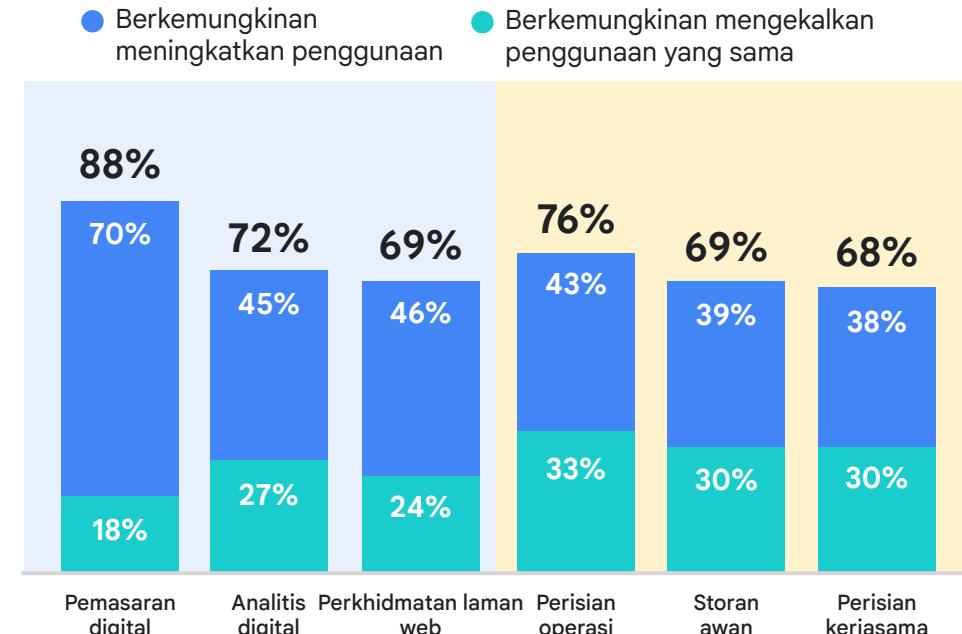
Perkhidmatan Kewangan Digital

% pedagang digital yang mungkin akan meningkatkan atau mengekalkan penggunaan perkhidmatan kewangan digital dalam 1-2 tahun akan datang



Alat Digital

% pedagang digital yang mungkin akan meningkatkan atau mengekalkan penggunaan alat digital dalam 5 tahun akan datang



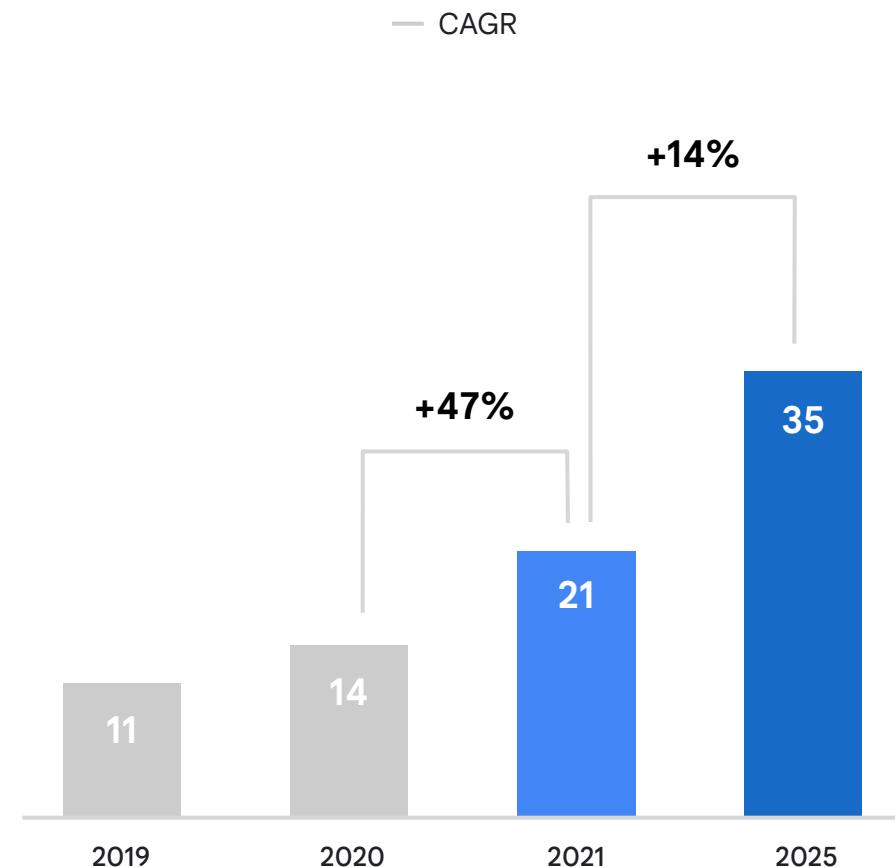
Sumber: Google-commissioned Dynata SEA-6 Digital Merchant Survey 2021.

Malaysia



Ekonomi Internet terus meningkat pada USD\$21B, walaupun dengan sekatan pergerakan yang panjang

Nilai Barang Kasar (GMV) Ekonomi Internet (\$ bilion)

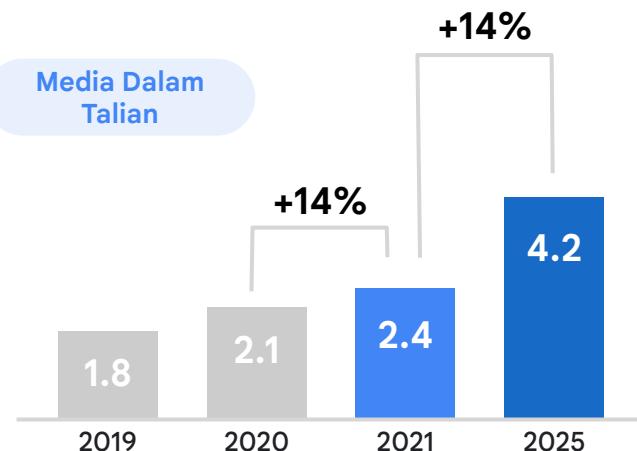
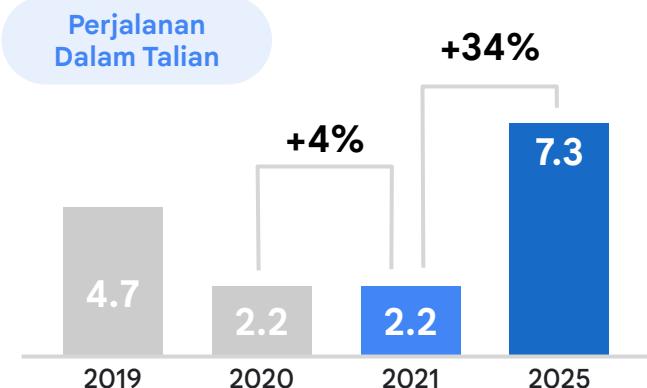
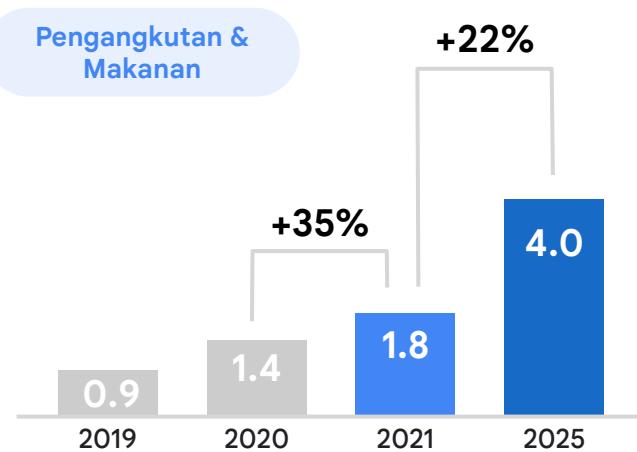


Sumber: Bain analysis.

Malaysia

Lonjakan ketara dalam e-Dagang dan Pengangkutan & Makanan, Media dan Perjalanan mengalami pertumbuhan yang lebih halus

Nilai Barang Kasar (GMV) setiap sektor (\$ bilion)

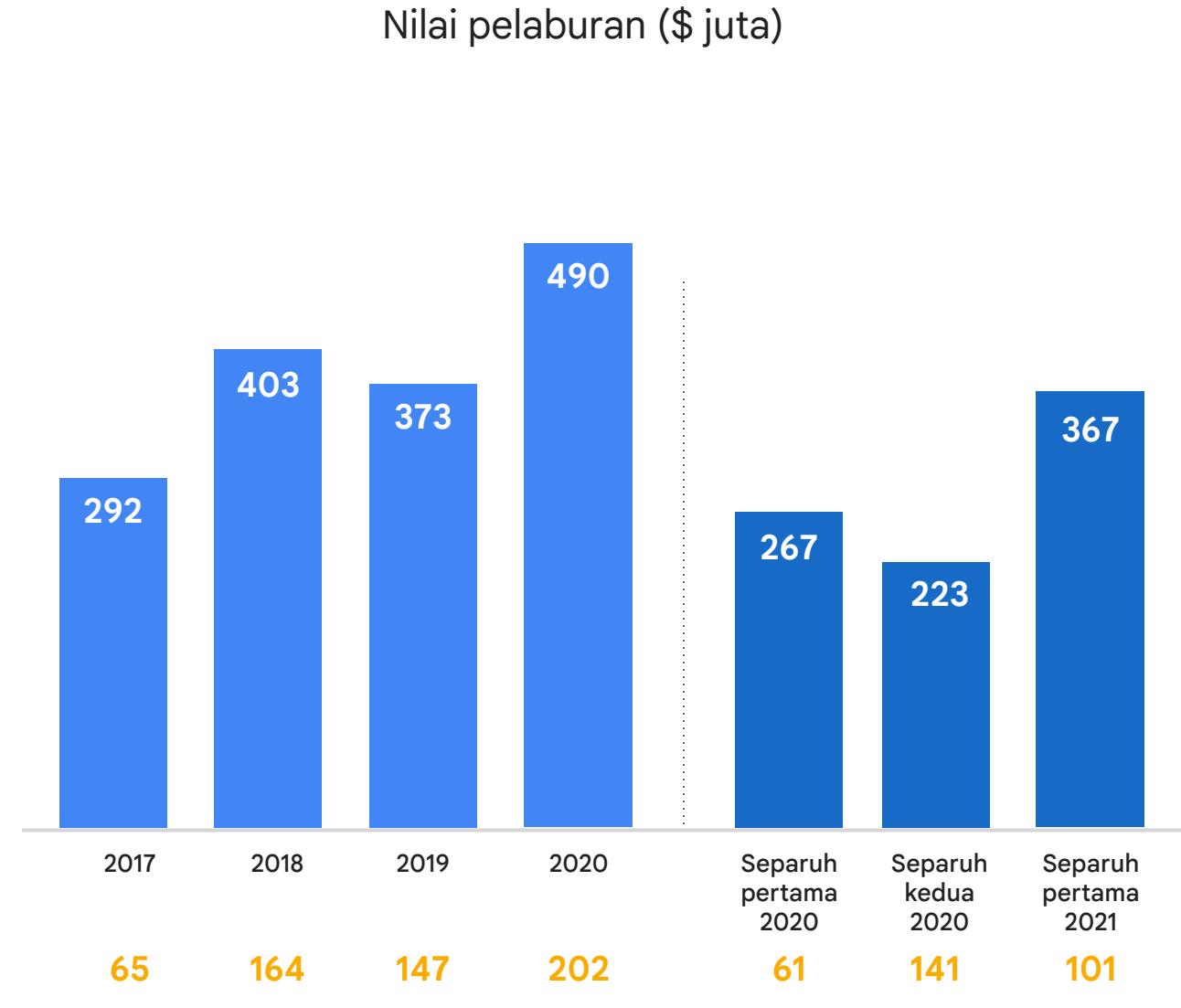


Sumber: Bain analysis.

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Nilai pelaburan pada separuh pertama 2021 berada di landasan yang betul untuk **melepas nilai tawaran setiap empat tahun yang lalu**



Sumber: Industry reports; VC partners; Bain analysis.

Nota: Jenis pelaburan termasuk modal teroka, ekuiti persendirian dan pelabur strategik.