



WORLD BANK GROUP
Global Knowledge & Research Hub
in Malaysia



MINISTRY OF FINANCE

Public Policy in a Digital World

CONFERENCE REVIEW

SEPTEMBER 2018

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The conference on 'Public Policy in a Digital World' was organized as part of the World Bank Group Global Knowledge and Research Hub in Malaysia's ongoing engagement on the digital economy, in collaboration with the Malaysian Ministry of Finance (MOF).



Conference Objectives

- i. To highlight and generate awareness on Malaysia's digital economy landscape, supported by findings from the Malaysia Digital Economy Report.
- ii. To share Malaysia's experience in its digital economy agenda, and gain insights from other countries.
- iii. To serve as a platform for policy dialogue for the government's digital economy agenda.

Welcoming Remarks



Mara Warwick

Country Director for Brunei, Malaysia, Philippines and Thailand,
World Bank Group

Dr. Mara Warwick is the World Bank Country Director for Brunei, Malaysia, Philippines and Thailand. She manages a portfolio of more than USD 3 billion in loans, grants and trust funds in these countries, and leads the Bank's analytics and advisory services.

Prior to this, Dr. Warwick served as the Portfolio and Operations Manager for China, Mongolia and Korea, and also Sector Coordinator for Sustainable Development in Ankara, Turkey.

Before joining the Bank in 2003, she worked as an engineer in the private sector. Dr. Warwick received her B.E. in Civil Engineering from the University of Adelaide, and her M.S. and Ph.D. in Environmental Engineering from Stanford University, U.S.

Official Remarks and Launch of the Malaysia Digital Economy Report



YB Dato' Ir Haji Amiruddin Hamzah

Deputy Minister of Finance, Malaysia

YB Dato' Haji Amiruddin Bin Haji Hamzah is the Deputy Minister of the Ministry of Finance, Malaysia. He was previously a State Assemblyman for Kedah from 2002 until present and prior to that, was also the Kedah State Chairman of the Industry and Investment, Science and Innovation Committee. YB Dato' Haji Amiruddin Bin Haji Hamzah has also had experience in the property and engineering sector. He holds a Master's degree in Business Administration and a degree in Civil and Structural Engineering from Bradford University.

Presentation of the Malaysia Digital Economy Report



Richard Record

Lead Economist,
World Bank Group Global Knowledge and Research Hub in Malaysia

Dr. Richard Record is Lead Economist in the World Bank Group's Macroeconomics, Trade and Investment Global Practice. Now based in Kuala Lumpur, he manages the Bank's engagement on economic policy issues in Malaysia, including publication of the flagship report Malaysia Economic Monitor. Richard has previously worked across a number of countries in the East Asia and Africa regions, including assignments based in Lilongwe and Vientiane.

Conference Program

DAY 1

9.30 am – 10.00 am **Registration**

10.00 am – 10.15 am **Welcoming Remarks**

Mara Warwick – Country Director for Brunei, Malaysia, Philippines and Thailand, World Bank Group

10.15 am – 11.30 am **Digital Economy in Southeast Asia: Key Enabling Factors**

Presenter: **Marcus Bartley Johns** – Senior Private Sector Specialist, World Bank Group

Panel Discussion: Digital Economy Landscape in Southeast Asia – Policy Challenges for Governments

Moderator: **Dr. Shahrizan Faeiz** – Chairman, Digital Economy Committee NCCIM/DPMM

Panelists:

Marc Woo – Country Head for Retail, Ecommerce, Travel & Financial Services, Google Malaysia

Jeffri Cheong – Managing Director and Co-founder, Kaodim.com

Mira Tayyiba – Assistant Deputy Minister for Creative Economy - Coordinating Ministry for Economic Affairs Indonesia

Jeanette Whyte – Senior Policy Manager, GSMA - APAC

11.30 am – 11.45 am **Tea/coffee break**

11.45 am – 12.00 pm **Official Remarks and Launch of the Malaysia Digital Economy Report**

YB Dato' Ir Haji Amiruddin Hamzah – Deputy Minister of Finance, Malaysia

12.00 pm – 12.30 pm **Presentation of the Malaysia Digital Economy Report**

Richard Record – Lead Economist, World Bank Group

12.30 pm – 2.30 pm **Private lunch session with conference speakers and presenters**

Participants' lunch

2.30 pm – 3.45 pm **Digital Adoption in Malaysia**

Presenter: **Bradley Larson** – ICT Specialist, World Bank Group

Panel Discussion: Digital Adoption in Malaysia – Successes, Challenges and Aspirations

Moderator: **Natasha Beschorner** – Senior ICT Policy Specialist, World Bank Group

Panelists:

Stan Lee – Director, Partnership & Alliances, Fusionex International

Tan Sri Saw Choo Boon – Council Member, Federation of Malaysian Manufacturers (FMM)

Shaifubahrim Saleh – Board Member, SME Corporation Malaysia

3.45 pm – 4.00 pm **Tea/coffee break**

4.00 pm – 5.30 pm

Taxing the Digital Economy*Presenter:* **Richard Stern** – Associate Partner, Ernst & Young Global Tax**Panel Discussion: The Digital Economy – New Tax Opportunities and Challenges***Moderator:* **Jonathan Leigh Pemberton** – Tax Specialist, World Bank Group**Panelists:****David Lai** – Executive Director, Tax, BDO Malaysia**Datuk Noor Azian Abdul Hamid** – Deputy CEO (Policy), Inland Revenue Board Malaysia**Ali Salman** – CEO, Institute for Democracy and Economic Affairs (IDEAS)**DAY 2**

9.00 am – 9.30 am

Registration

9.30 am – 11.00 am

Digital Connectivity in Malaysia*Presenter:* **Siddhartha Raja** – Senior ICT Policy Specialist, World Bank Group**Panel Discussion: Affordable and Faster Connectivity in Malaysia***Moderator:* **Firas Raad** – Country Manager for Malaysia, World Bank Group**Panelists:****Dato' Mohamed Sharil Tarmizi** – Senior Advisor, ASEAN Advisory, Singapore**Marcus Adaktusson** – VP, Head of Public & Regulatory Affairs, Communications, Region Asia Group Corporate Affairs, Telenor Group**Patrick Corso** – Executive Director, Time dotCom**Randeep Sudan** – Adviser, Digital Strategy and Government Analytics, World Bank Group

11.00 am – 11.15 am

Tea/coffee break

11.15 am – 12.45 pm

Digital Entrepreneurship in Malaysia**Nicole Tan** – Country Director, Facebook Malaysia**Christophe Lejeune** – CEO, Lazada Malaysia**Panel Discussion: Industrial Engagement Session on Digital Entrepreneurship in Malaysia – Challenges and Ways Forward***Moderator:* **Ndjamé Diop** – Practice Manager, Macroeconomics, Trade and Investment, World Bank Group**Panelists:****Razif Aziz** – Acting Group CEO, Cradle Fund Sdn Bhd**Christopher Chan** – Founder, TMS Software Sdn Bhd and Joget Inc.**Smita Kuriakose** – Senior Economist, Finance, Competitiveness and Innovation, World Bank Group**Nordarzy Razak** – Director B40, Malaysia Digital Economy Corporation (MDEC)

12.45 pm – 2.30 pm

Lunch

DAY 1

SESSION 1

10.15 am – 11.30 am

Southeast Asia is fast embracing digital technologies. However, there are still many gaps that countries in the region need to address. This includes improving accessibility, digital infrastructure, and strengthening the policy and regulatory landscape. This session aims to provide an overview of the region's digital economy adoption and understand broad policy challenges moving forward.

PANEL DISCUSSION

Digital Economy Landscape in Southeast Asia – Policy Challenges for Governments



MODERATOR

Dr. Shahridan Faiez

Chairman, Digital Economy Committee NCCIM/DPMM

A former World Bank official, Dr Shahridan Faiez currently structures investments in the fintech, sustainable food, and smart cities sectors. Dr Faiez is the chairman for the digital economy committee for the National Chambers of Commerce and Industry Malaysia (NCCIM) and the Malay Chambers of Commerce Malaysia (DPMM). Dr Faiez has a PhD from the University of Cambridge.



PANELIST

Marc Woo

Country Head for Retail, Ecommerce, Travel & Financial Services, Google Malaysia

Marc Woo is responsible for Google Malaysia's revenue, partnerships and industry initiatives within the Financial Services sector. His scope covers Global, APAC and SEA digital related work with Malaysia based businesses. Marc graduated with first class honors in Actuarial Science from the London School of Economics and Political Science.

Digital Economy in Southeast Asia: Key Enabling Factors

PRESENTER



Marcus Bartley Johns

Senior Private Sector Specialist, World Bank Group

Marcus is a Senior Private Sector Specialist in the Macroeconomics, Trade and Investment Global Practice of the World Bank, based in Singapore. He works on lending and advisory projects, as well as policy research, in the Asia-Pacific, especially relating to e-commerce and the digital economy, trade facilitation, and regional integration. Before relocating to Singapore in December 2016 Marcus was the focal point for World Bank engagement in the WTO and other Geneva trade and economic institutions.



PANELIST

Jeffri Cheong

Managing Director and Co-founder, Kaodim.com

Jeffri is the Managing Director and Co-founder of the Kaodim Group. He was formerly a litigation lawyer, but began his entrepreneurial journey by launching Kaodim in 2014 with the desire to digitize the home services industry. He is a firm believer in pushing the limits of technology to provide compelling and novel user experiences in Southeast Asia, growing the Kaodim Group over the last 3 years to become the leading services hiring platform in the region.



PANELIST

Mira Tayyiba

Assistant Deputy Minister for Creative Economy - Coordinating Ministry for Economic Affairs Indonesia

Mira Tayyiba works for the Coordinating Ministry for Economic Affairs as Assistant Deputy Minister for Creative Economy. She is the Executive Director for the e-Commerce Roadmap Project Management Office, and represents Indonesia as the National Lead Focal Point for the ASEAN Coordinating Committee on e-Commerce. She is also a member of the National ICT Council.



PANELIST

Jeanette Whyte

Senior Policy Manager, GSMA - APAC

Jeanette Whyte is GSMA's Senior Public Policy Manager, based in Hong Kong. She is responsible for providing public policy support and engagement in Indonesia, Malaysia, Singapore, Thailand and Vietnam. Jeanette graduated from Loughborough University with a BSc (Hons) in Management Sciences. She is a Sloan Fellow with an MSc from the London Business School.



▲ The stage is set for the Public Policy in a Digital World Conference.

Arriving at a Digital Destination

How can a nation's economy move forward into a digital future if it's referred to as something separate? What policy makers are calling the "digital economy" will be the economy. It's no longer an "if" but a "when", and it's something that policy makers need to start preparing for now.

"The digital economy is about more than being online. It's about businesses, it's about citizens using that online access for productive means and to help businesses to grow," said Marcus Bartley Johns in his presentation. Marcus is a Senior Private Sector Specialist in the World Bank Group.

With the fast-growing use of tech and the Internet throughout the world, panelists

from the World Bank Group's Public Policy in a Digital Economy conference agreed that the Southeast Asian region needs to start gearing up for the day when the term "digital economy" is obsolete.

In Malaysia, while digital adoption on an individual level is high, businesses have been slow to digitize their work flows. Representatives from government ministries,

as well as specialists in the private sector acknowledged that facilitating the move into a digital world requires a multi-stakeholder approach.

While governments have a key role to play in terms of coming up with regulations, Mira Tayyiba, who is the Assistant Deputy Minister for Creative Economy in Indonesia, says that it's not an easy process.

Not only is the digital world moving at an extremely fast pace, there's also a dearth of data available to the government, she said. At the same time, digital policies require input from a range of ministries. "Working between ministries can be a challenging task," Mira admits.

In Malaysia, the government has put in place some policies that aim to move the economy towards a more digital slant. Deputy Minister of Finance Dato' Ir Haji Amiruddin Hamzah highlighted five areas as "catalysts to spearhead" Malaysia's move toward becoming a global player in the digital economy.

The five areas include: big data analytics, cloud computing, ecommerce, Internet of Things (IoT) and artificial intelligence. For any of these to really take off, the government first has to tackle the issue of infrastructure ie. making fast and affordable broadband available.

On top of that, Dato' Amiruddin also recognized the need for development



"Providing digital infrastructure is one thing. Having the capacity to use it is another."

-Mira Tayyiba



"It's not easy for governments. Different organizations are at different levels. It is an issue. What we need is multi-stakeholder engagement with the right people."

-Jeanette Whyte



▲ Marcus Bartley Johns giving his keynote presentation.



“Technology is evolving very rapidly. Consumer intelligence is evolving as well. People want more from online companies.”

-Jeffri Cheong

of local talent to ensure that Malaysians are “future ready”.

However, existing policies within the region are only scratching the surface. “For cross-cutting digital policy issues like data privacy and cross-border data flow, regulatory infrastructure in the region is underdeveloped,” said Johns.

GSMA-APAC Senior Policy Manager Jeanette Whyte suggested that private companies could play a role in moving ASEAN into a more

digital world by providing facilities that make online transactions easier.

Other private companies like Kaodim.com are providing a platform for SME entrepreneurs to get online and connect to consumers with ease. “We give them an online presence,” said Jeffri Cheong, who is the Managing Director and Co-founder of the company.

“70% of the SMEs on our platform depend on our platform for the growth of their businesses,” he added.

▼ Panel Discussion Session 1 on the Digital Economy Landscape in Southeast Asia.





▲ Dato' Ir Haji Amiruddin Hamzah, Deputy Minister of Finance Malaysia delivering his keynote speech.



“ASEAN is the fourth largest in terms of trade and the third largest in terms of population. It’s an incredibly exciting region. The crux of this is not so much the data flow, or the challenges around regulation, but really the potential of what the digital economy can bring to the region as a whole.”

-Marc Woo

Key Challenges for the Region

Governments are only now beginning to talk about how to develop policies for a digital future. There is still a long way to go in terms of digitization, and within the Southeast Asian region, governments are already behind.

During her panel session, Mira Tayyiba, who is the Assistant Deputy Minister for Creative Economy in Indonesia, highlighted three challenges that governments face when attempting to regulate the digital economy.

- 1. The digital world is dynamic and extremely fast-moving.** Governments have to move fast to catch up. This can be difficult, especially with the level of existing bureaucracy.
- 2. To really understand the technology available, governments need data.** However, industry players might be reluctant to share this data due to certain factors eg. tax concerns. Governments need to look for ways to collect data.
- 3. There are many ministries in governments.** Working between ministries can be a challenging task.



▲ Richard Record presents Malaysia's Digital Economy Report.

Four Main Streams of Research

Digital adoption, digital connectivity, digital entrepreneurship and digital taxation. These are the four main issues that need to be addressed if Malaysia is to move forward into a digital future.

During his presentation at the Public Policy in a Digital World Conference, World Bank Group's Lead Economist Richard Record was quick to stress that these four items did not form "an exhaustive list".

"But it's four issues that we found to be important and relevant," he said.

According to Richard, Malaysia has yet to reach its full potential in digitizing its economy. Paying attention to these four areas would enable Malaysia to unlock the full potential of a digital economy.

Richard highlighted four policy goals that Malaysia should adopt:

- Create a more dynamic digital ecosystem with increased competition
- Achieve universal, fast and inexpensive Internet connectivity
- Improve human capital through better curricula and lifelong learning opportunities
- Safeguard future digital tax revenues

He also made an interesting observation about how Malaysians generally have a high level of financial literacy, and yet, are extremely hesitant about making payments online.

There are other similar incongruencies in Malaysia. For example, digital adoption in Malaysia is very high on an individual level but businesses have been slow to adopt digital technologies.

“We see lagging uptake of both digital payments and open data,” said Richard.

“The number of Malaysians who have bank accounts is very high, but we do see that the rate at which Malaysians are accepting digital payments and digital transactions is not as high as in other comparable economies.”

He also suggested the possibility of opening up public data sources and making that data available to businesses, to be used to grow the digital economy even more.

In order to ensure further growth of the economy, school curricula are being edited to include more digital-focused knowledge. Richard added that encouraging lifelong learning was an important aspect that the Malaysian government should look into as well.

As the economy moves even further into the digital sphere, one challenge that needs to be solved is taxation. It’s a

challenge that Malaysia and the rest of the world faces.

“This goes to the heart of our partnership with the Ministry of Finance. Malaysia is in the same position as almost every other major economy,” said Richard.

The question that needs to be addressed is this: How do you strike a balance between facilitating the growth of this new area of the economy while safeguarding the future of public finance and public revenues?

Growing public revenue also ensures that the government is able to further invest into the growth of the digital economy. For example, to reinvest into human capital.

“Malaysia’s biggest impediment to digital adoption is the high cost and slow speed of fixed and fibre broadband internet.”

-Richard Record



▲ From Left: Mara Warwick, Dato’ Ir Haji Amiruddin Hamzah, Firas Raad and Richard Record presenting the report on Malaysia’s Digital Economy.

DAY 1

SESSION 2

2.30 pm – 3.45 pm

Malaysia has rapidly expanded access to basic internet services – outperforming most regional peers. But adoption by businesses remains low, compared to international peers and progress in other dimensions of the economy. This session examines the state of digital adoption in Malaysia, particularly in the business sector, and discusses obstacles that limit smaller businesses from riding the wave of the digital economy.

PANEL DISCUSSION

Digital Adoption in Malaysia – Successes, Challenges and Aspirations



MODERATOR

Natasha Beschorner

Senior ICT Policy Specialist,
World Bank Group

Natasha Beschorner is a Senior Information and Communications Technology (ICT) Policy Specialist in the World Bank's Global ICT Department. She has been with the World Bank since 1993 and her responsibilities include the design and management of investment projects and technical assistance programs on telecommunications reform and ICT for development.



PANELIST

Stan Lee

Director, Partnership & Alliances
Fusionex International

Stan Lee has been in the IT industry for the past 15 years, starting with Trend Micro Inc, a global security solution provider with his last position being Country Sales Manager for Malaysia. Stan has presented over 400 public speeches covering numerous topics ranging from organizational best ICT security practices and big data analytics (BDA). Stan is currently the Director of Partnerships and Alliances for Fusionex International, a proud Malaysian establishment at the forefront of Big Data Analytics in the region and globally.

Digital Adoption in Malaysia



PRESENTER

Bradley Larson

ICT Specialist, World Bank Group

Bradley Larson is part of the World Bank's World Development Report (WDR) team. He has worked on the Bank's most recent WDRs, including on Digital Dividends. Prior to joining the WDR, he worked for the World Bank's Public Sector Governance Unit, the Special Inspector General for Iraq Reconstruction, and the Center for Strategic and International Studies. He has an MA in Strategic Studies and Economics from the Johns Hopkins School of Advanced International Studies.



PANELIST

Tan Sri Saw Choo Boon

Council Member, Federation of Malaysian Manufacturers (FMM)

Tan Sri Saw served 40 years and retired as the Chairman of Shell Malaysia in 2010. Tan Sri Saw is now a Board Member of RHB Bank, Digi.Com, Wah Seong Corp, and the Chairman of MQREIT Management. He is also a Council member and a former President of FMM.



PANELIST

Shaifubahrim Saleh

Board Member, SME Corporation Malaysia

Mr. Shaifubahrim Mohd Saleh is a Board Member for SME Corp. and the Malaysian Venture Capital Management Berhad (MAVCAP). Prior to this, he was the Chief Business Officer for REDtone International Board, and board member for the Multimedia Development Corporation (MDEC).



▲ Bradley Larsen delivering his keynote presentation.

Why Digital Adoption by Businesses is Lagging

According to Bradley Larson, ICT Specialist at the World Bank Group, this latest report addresses the “middle conversation” between the tech optimists and pessimists. The former are proponents of the conversation on how technology will “solve all our problems”, while the latter tend to spread fear about how the “robots will take over our jobs”.

This current framework examines both benefits and risks. “To mitigate or even eliminate risks, you have digital adoption plus these complements” said Brad. “These complements” being innovation (increase competition), efficiency (encourage upskilling) and inclusion (data access).

Brad highlighted that digital adoption

is the highest in the manufacturing industry. However, Federation of Malaysian Manufacturers (FMM) Council Member Tan Sri Saw Choo Boon said that it’s “actually still low”.

“Traditionally, businesses are built on a low cost model that utilizes foreign labor. It’s hard to talk to business owners about digital

adoption,” he said. There is a high upfront cost associated with making the move to digital.

Besides this high upfront cost – which includes costs for software and hardware – Tan Sri Saw added that business owners have tech-related security concerns, as well as a lack of access to affordable high speed Internet. These are the main reasons why “manufacturers are not adopting Industry 4.0”, according to Tan Sri Saw.

On the other hand, Fusionex Director of Partnership and

Alliances, Stan Lee believes that the lack of digital adoption is more due to fear than anything else. During the panel discussion on Digital Adoption in Malaysia, he said that we live in a time of “luxury”, where a lot of tech is free of charge. Thus, cost is not a main issue.

“Technology is in abundance,” he said. Fusionex is a data technology provider based in Malaysia and based on his experience, Lee believes many business owners are complacent and are still in a wait-and-see mode.



“For e-commerce, don’t depend too much on marketplaces like Alibaba or Amazon. You must have your own website.”

-Tan Sri Saw Choo Boon



▲ Panel Discussion Session 2 on Digital Adoption in Malaysia.

“The receptivity level of the business person taking and incorporating tech as part of their business processes is the main issue,” Lee said. He added that there are many government grants available and obtaining money to digitize a business is very possible. Thus, cost should not be used as an excuse.

However, he believes that the government can do a better job of broadcasting the information on these grants ie. in a way that is also accessible to non-tech savvy entrepreneurs.

SME Corporation Malaysia Board Member Shaifubahrim Saleh also believes that SME entrepreneurs need to be made to understand that technology is an enabler. “Get them to focus on their customer,” he said. Tech allows businesses to provide better services to their customers.

Due to the number of SMEs in Malaysia, getting these companies to adopt technology would create a huge jump in digital adoption in Malaysia.



▲ Natasha Beschoner

▼ Full attendance at the Conference.





▲ Stan Lee



▲ Tan Sri Saw Choo Boon



▲ Shaifubahrim Saleh

On the current Malaysian government's to double Internet speeds and halve the cost, Shaifubahrim said that he would like to stretch that further.

"We have the capacity to achieve far greater. There are technologies available that will allow us to 10-fold the Internet speed," he said.

The panelists all agreed that there was a need for education. "In manufacturing, some are only at the stage of automation, not even digitization," said Tan Sri Saw.

Besides provision of mentoring to business owners to get them to go digital, Shaifubahrim also added that the government was also looking to revamp the syllabus in local universities, to ensure that local graduates are market-ready for jobs that may not exist yet.

Lee believes that all entrepreneurs need to have a level of IT literacy, adding that perhaps this was something the government could look into.



"The receptivity level of the business person taking and incorporating tech as part of their business processes is the main issue."

-Stan Lee

DAY 1

SESSION 3

4.00 pm – 5.30 pm

Taxing digital transactions effectively and efficiently is a challenge for many countries. It is important for the domestic fiscal framework to encourage development of the digital economy. However, it is also imperative for Malaysia to secure a fair share of tax revenue from profits generated by providers of digital goods and services, especially those based abroad. This session explores options to raise revenue from the digital economy, outlining the key challenges while considering recent actions by the international community.

PANEL DISCUSSION

The Digital Economy - New Tax Opportunities and Challenges



MODERATOR

Jonathan Leigh Pemberton

Tax Specialist,
World Bank Group

Jonathan Leigh Pemberton is a Senior Tax Consultant and member of the Bank's Global Tax Team. He spent 29 years with the UK's tax authority and four years at the OECD. He also has a part time post at the Vienna University of Economics and Business's Global Tax Policy Centre.



PANELIST

David Lai

Executive Director,
Tax, BDO Malaysia

David Lai is the Head of Tax Advisory/Executive Director, Tax at BDO in Malaysia. David has over 26 years of experience in professional practice, investment banking and was CFO of a multinational group. He specializes in corporate tax advisory, indirect tax (GST/SST) and transfer pricing. He is a member of CTIM's Direct Tax Technical Committee and is chairman of its Indirect Tax Technical Committee.

Taxing the Digital Economy



PRESENTER

Richard Stern

Associate Partner, Ernst & Young Global Tax

Richard Stern has led EY's Tax Policy for Government Services since October 2017. He has over 20 years of experience in hands on tax reform in over 70 countries globally, leading the World Bank Group's Global Tax team and developing the Bank's international tax practice. He has experience in both direct and indirect tax but has had a particular focus on international tax issues, including transfer pricing, BEPS, tax treaty policy, and digital economy taxation.



PANELIST

Datuk Noor Azian Abdul Hamid

Deputy CEO (Policy),
Inland Revenue Board Malaysia

Datuk Noor Azian is the Deputy CEO (Policy) at the Inland Revenue Board Malaysia (IRBM). Her role includes giving input and advice in matters relating to tax policies, leading IRBM in tax treaties, Mutual Agreement Procedure (MAP) and Advance Pricing Arrangement (APA) negotiations. She also represents IRBM in meetings of the OECD/G20 Inclusive Framework on BEPS.



PANELIST

Ali Salman

CEO, Institute for Democracy
and Economic Affairs (IDEAS)

Ali is CEO of IDEAS. Ali is an economist, public policy expert and a think tank professional. He has authored more than thirty independent studies, reports and monographs on wide range of topics including regional trade, public finance, competition policy, innovation, and youth policy for multilateral agencies, governments, non-profits and private firms.

Kuala Lumpur, Malaysia
12 September 2018



▲ Richard Stern delivering his presentation on Taxing the Digital Economy.

Guarding Government Revenues in the Future Economy

As the economy becomes more digital, taxing digital sources become a must. The challenge policy makers face now is, as highlighted by Richard Stern is “do we know what we are taxing?”

Since not all products sold online are tangible, how would they be valued? How do you define what “enough economic activity” is for it to be taxable?

In the case of digital taxation, especially with its cross border implications, coming up with the right terms and corresponding definitions is a challenge.

IRB Malaysia Deputy CEO (Policy) Datuk Noor Azian Abdul Hamid said that one of the concerns was maintaining consistency with the “international community”. “These are things that we are looking into,” she said.

BDO Malaysia Tax Executive Director David Lai says that the current taxation model “doesn’t work well in the digital economy”.

“If Malaysia would like address the issue of taxing the digital economy, the first thing to do would be to revisit the scope of tax under the service tax – to extend it to services performed, including outside Malaysia. And more on where the place of consumption is, rather than where the service was performed,” he suggested.

However, he raised a point of concern. “One of the most important things to look after is the prices – to make sure that prices are controlled. Whilst it’s a good idea to extend the scope to cover digital, one also has to make sure that it doesn’t cause inflation in

prices and effect on consumers,” he added.

IDEAS CEO Ali Salman concurred, and said that the government must be careful when coming up with tax policies.

David further highlighted the importance of aligning Malaysian tax policies with global standards, “to prevent things like double taxation”. He suggests that the government first put in a place a shorter term plan – with a simple tax system that does not place too much burden on businesses – while developing an international model in the longer term.



▲ Clockwise from top left: Jonathan Leigh Pemberton, David Lai, Ali Salman and Datuk Noor Azian Abdul Hamid.

DAY 2

SESSION 4

9.30 am – 11.00 am

Malaysia has made substantial progress in connecting people to basic internet services with nearly 80% of the population online, primarily through mobile networks. However, Malaysia lags in coverage and adoption of fixed broadband services. Ensuring that Malaysia's digital infrastructure provides ubiquitous, reliable, and ultra-fast broadband internet service is key to unlocking the potential of the digital economy. This session provides an overview of the digital connectivity in Malaysia, and how this is impacted by the market structure and regulatory regime.

PANEL DISCUSSION

Affordable and Faster Connectivity in Malaysia



MODERATOR

Firas Raad

Country Manager for Malaysia,
World Bank Group

Dr. Firas Raad is currently the World Bank Country Manager for Malaysia, beginning his assignment on August 15, 2018. As Country Manager, he heads the World Bank Group's Global Knowledge and Research Hub in Kuala Lumpur. Prior to Malaysia, he served for three years as the World Bank Country Manager in Kuwait overseeing a large Reimbursable Advisory Services (RAS) Country Program focused on supporting the long-term development priorities of the Kuwaiti Government.



PANELIST

Dato' Mohamed Sharil Tarmizi

Senior Advisor,
ASEAN Advisory, Singapore

Qualified as a lawyer and now busy in the areas of corporate finance, M&A & regulatory advise. Formerly Chairman & CEO of MCMC, Malaysia's telecoms, media & postal regulator, during which Malaysia's household broadband penetration moved from 28% to 70%. He also mentors several tech companies globally.

Digital Connectivity in Malaysia



PRESENTER

Siddhartha Raja

Senior ICT Policy Specialist, World Bank Group

Siddhartha Raja is senior Digital Development specialist with the World Bank Group. He works with governments across Asia and Europe to connect more people to information, to markets, and to public services. He has a doctorate in telecommunications policy from the University of Illinois.



PANELIST

Marcus Adaktusson

VP, Head of Public & Regulatory Affairs, Communications, Region Asia Group Corporate Affairs, Telenor Group

Marcus Adaktusson heads Public and Regulatory Affairs for Telenor Group in Asia. He has ten years of managerial experience in telecommunications across Scandinavia and Asia, and was previously Director of Communications at Grameenphone in Bangladesh. He holds a M.Sc. in Business Management from the Stockholm School of Economics.



PANELIST

Patrick Corso

Executive Director,
Time dotCom

Patrick Corso is an Executive Director at Time dotCom, one of Malaysia's leading telecommunications providers. Prior to this, Patrick was the Managing Director and Founder of OST Capital, a private investment firm based in Hong Kong, and Managing Director and Head of the Hong Kong office of Providence Equity Partners. Prior to that, Patrick worked at the Credit Suisse First Boston and Morgan Stanley in London in their European Telecoms groups.



PANELIST

Randeep Sudan

Adviser, Digital Strategy and Government Analytics,
World Bank Group

Randeep Sudan is the global Adviser on Digital Strategy and Government Analytics for the World Bank. He was previously the Practice Manager for the Bank's Digital Development Unit at Washington DC. Prior to joining the World Bank he worked as a member of the Indian Administrative Service.



▲ Siddhartha Raja delivering his keynote presentation.

Affordable and Faster Connectivity

What happens when Internet connectivity in a country is monopolized? It becomes less competitive, and businesses have limited options when it comes to Internet connectivity. Costs are high, and speed standards go unchecked.

Some say that this is one of the issues that Malaysia currently faces with regards to digital connectivity. Many say that this lack of competition is due to existing regulations.

However, those who know better say that this isn't the case. According to Randeep Sudan, the Malaysian government issued five fixed line licenses in the early 90s. These licenses "did not go very far" because huge investments are required to go into

broadband infrastructure. These companies chose to focus on mobile instead.

Dato' Mohamed Sharil Tarmizi, who used to be with the Malaysian Communications and Multimedia Commission said that "regulatory impediment" is not the issue when it comes to companies going into fixed or mobile broadband.

"In 1998, Malaysia did a complete overhaul

of its telecommunications regulatory framework. It promulgated the Communications and Multimedia Act, which was the first legislation in the world that was converged. So there was no distinction between media, telecommunications, broadcasting and so on.

“In that framework, there was no longer a distinction between fixed and mobile, as far as licensing is concerned. Companies like Telekom Malaysia, Maxis, Celcom were free to choose what area of business they want to operate in. It’s important to note this because there is

no regulatory impediment for fixed or mobile,” he said.

The hesitance of certain companies to enter the fixed broadband market has more to do with cost, rather than regulations.

“Operators have decided to focus on their respective areas of business and competency,” said Sharil.

While there is no restriction from a regulatory standpoint, Sharil admits that the view is different from the ground. “State authorities put up their own regulations,” he said. Due to these local



“More competition leads to better services and more affordability for customers.”

-Marcus Adaktusson

▼ Panel Discussion Session 4 on Affordable and Faster Connectivity in Malaysia.



state regulations, there can be a “big chunk” of capital expenditure in civil works.

“That’s why some companies pursue mobile instead,” he said.

Marcus Adaktusson from Telenor Group, which has invested in the local telecommunications company Digi, says that it’s obsolete to talk about fixed and mobile Internet as two separate things as they are both converging at a very rapid pace.

“Fibre is essential for 5G networks,” he said, adding that if there isn’t

enough of those networks in the country, it would be impossible for mobile to advance as well.

Patrick Corso, TIMEdotCom Executive Director, says that regulators need to find a way for companies to go into specific areas effectively in order to save cost. As the situation is today, there are limitations as to how much the company can access in an area.

Governments need to work together with private companies in order for digital connectivity in the country to keep improving.



“The more competitive connectivity is, particularly for businesses, the more competitive the economy will be. Not only now, but in the future.”

-Firas Raad

▼ Participants listening attentively to the discussion.





▲ Dato' Mohamed Sharil Tarmizi



▲ Patrick Corso



▲ Randeep Sudan

On top of panelist suggestions, Siddhartha Raja, who is a Senior ICT Policy Specialist at the World Bank Group, had two recommendations for Malaysia to increase its digital connectivity:

- Use existing infrastructure more efficiently. This would include actions such as “sharing of passive infrastructure” so that more players are able to enter the market, thus encouraging competition and therefore, better value for consumers.
- Make bold policy moves to attract private capital, for example, treating broadband as a utility and making it compulsory for building developers to include broadband into all new construction. This could reduce the cost of future network deployment, allowing more companies from the private sector to invest in network setup.

“For Malaysia to take the next step forward into the development of a digital economy, we’re going to need that underlying infrastructure to be in place. A reliable, high speed, broadband infrastructure that is affordable,” said Siddharta.



“You cannot look at connectivity in isolation. It’s one important part, for sure. But there are so many other aspects as well including training, capacity building and so on. These things need to be invested in as well.”
-Marcus Adaktusson

DAY 2

SESSION 5

11.15 am – 12.45 pm

Promoting digital entrepreneurship is an important avenue through which Malaysia is attempting to spur economic growth and job creation. Over time, the government has implemented various initiatives in this area - but obstacles remain, including a lack of skilled workers and venture capital, and a slower uptake of digital transaction technologies. This session looks into Malaysia's digital entrepreneurship ecosystem, the efforts by key players, and discusses primary challenges as it moves forward.

PANEL DISCUSSION

Industrial Engagement Session on Digital Entrepreneurship in Malaysia - Challenges and Ways Forward



MODERATOR
Ndiame Diop

Practice Manager,
Macroeconomics, Trade and
Investment, World Bank Group

Previously the World Bank Lead Economist for Indonesia, Ndiame joined the World Bank in 2000 as a Young Professional. He has worked successively as Senior Economist at the Trade Department, Senior Economist and Resident Representative in Tunisia and Lead Economist for Jordan and Lebanon.



PANELIST
Razif Aziz

Acting Group CEO,
Cradle Fund Sdn Bhd

Razif is a senior executive with over 23 years of experience in a variety of different roles ranging from business development, corporate, legal & regulatory affairs, telecoms & broadcast, government and biotechnology. He is keenly aware of the impact that regulations, policy, public sector frameworks and technology have on the growth of business and have written extensively on these topics in specialist and daily newspapers.

Digital Entrepreneurship in Malaysia

PRESENTERS



Nicole Tan

Country Director, Facebook Malaysia

Nicole Tan is the Head of Malaysia for Facebook. In her role, Nicole leads the local business team to partner closely with businesses and agencies to help them get more value out of Facebook's solutions. Nicole was most recently Managing Director of J.Walter Thompson (JWT) Malaysia and carries 20 years of industry experience in the FMCG, tech, automotive sectors.



Christophe Lejeune

CEO, Lazada Malaysia

Christophe is the CEO of Lazada Malaysia since January 2018, He is responsible for bringing products and brands to online shoppers in Malaysia, and developing comprehensive plans to ensure Lazada's success in the country.



PANELIST

Christopher Chan

Founder, TMS Software Sdn Bhd and Joget Inc.

With more than 20 years of experience in the IT industry, Chris was involved in the management of TMS Group and helped develop its strategic direction. Chris is actively involved in new startups and investing in companies involved in mobile applications development, business process management, IoT, and distribution and payments systems.



PANELIST

Smita Kuriakose

Senior Economist, Finance, Competitiveness and Innovation, World Bank Group

Smita Kuriakose is a Senior Economist in the Trade & Competitiveness Global Practice in East Asia and the Pacific with over 12 years of development policy experience. In her role, she has led policy dialogue with upper-middle, middle- and low-income countries in Europe and Central Asia (ECA), East Asia, Africa and South Asia.

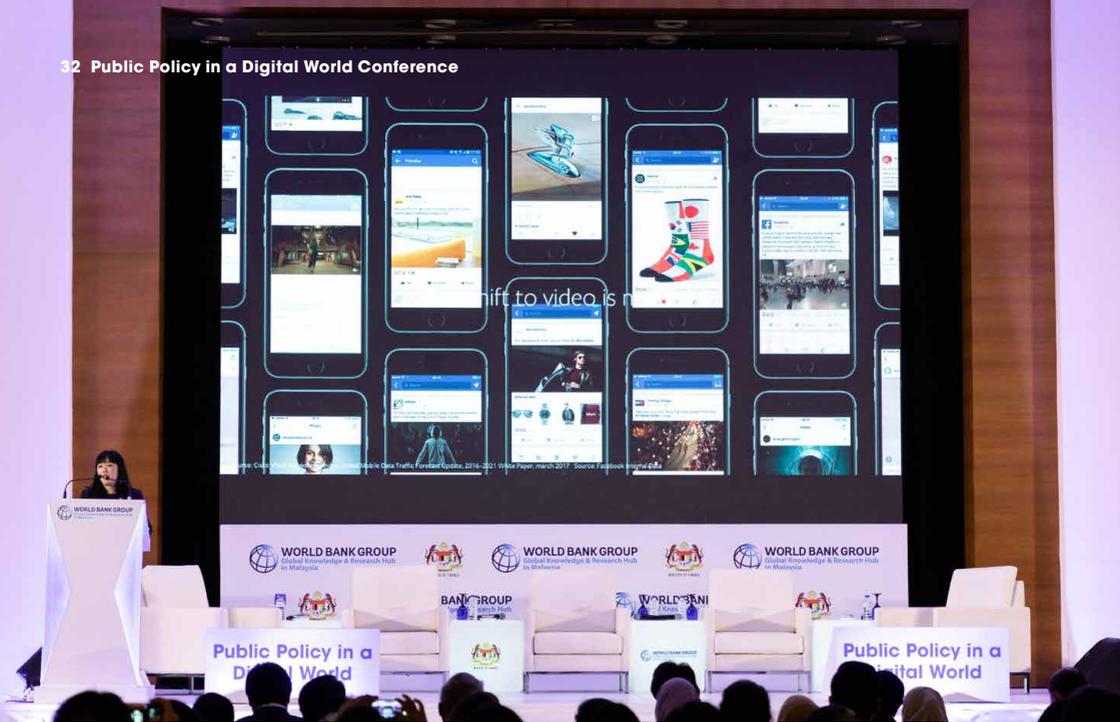


PANELIST

Nordazry Razak

Director B40, Malaysia Digital Economy Corporation (MDEC)

Nordazry Razak is the Director of the Sharing Economy Ecosystem Division of the MDEC, responsible for planning and implementing national programs. His work involves creating a conducive framework and collaborative national model for platform players and participating citizens.



▲ Nicole Tan delivering her presentation.

The New Breed of Entrepreneurs

We've arrived to a time when the term "digital entrepreneur" should be retired. "Think in terms of entrepreneurs utilizing digital tools," said Facebook Malaysia Country Director Nicole Tan.

One of the most powerful tools available right now is the mobile device. "We're only at the beginning of the age of mobile," said Nicole. And yet, businesses are still lagging behind.

"Businesses need to catch up to where people are spending their time," she said.

With the abundance of online tools available, entrepreneurs should be thinking global. A company no longer needs to be in many countries to be global. With the use of

technology, international trade is possible for even an SME with just one office Malaysia.

"Malaysian businesses already have cross border opportunities," said Nicole, who cited the example of a business run by a stay-at-home mom in Malaysia that was getting customers from South America.

At the same time, Lazada Malaysia CEO Christophe Lejeune reminded everyone in the room that it takes collaboration to get

things done. “You can’t do everything yourself!” he said. He believes that one should focus on what they’re good at, and that private companies should work with the government if Malaysia wants to move its economy into the digital world.

In terms of government support, there has been much of it in Malaysia. With a wide range of government-backed institutions and agencies to support the entrepreneur community, like MAGIC, Cradle, MDEC, Malaysia is a good place to become an entrepreneur.

Entrepreneur Christopher Chan agreed that the “role of

agencies is incredible”. He is the founder of TMS Software Sdn Bhd and Joget Inc.

“I wouldn’t be here today if not for these government agencies,” he said.

However, MDEC B40 Director Nordarzy Razak admitted that efforts are often uncoordinated. There have been cases of duplicated efforts from different organizations.

Cradle Fund’s Acting Group CEO Razif Aziz agreed with this. “When you have that many ministries and agencies, it can be hard to coordinate,” he said. He suggested that perhaps all



“There’s no such thing as a digital entrepreneur. There’s only passionate entrepreneurs that we see that are operating in a fast-moving, shifting digital world. That distinction is important.”

-Nicole Tan

▼ Christophe Lejeune giving his presentation.





▲ Christopher Chan



▲ Ndiame Diop



▲ Nordarzy Razak



▲ Razif Aziz



“Everybody wants to be an entrepreneur but there aren’t too many coders. So that’s the real challenge.”

-Smita Kuriakose

tech-related agencies could come under one ministry.

Smita Kuriakose from the World Bank Group suggested that the government make room for the private sector to “step in and take some of the space”.

“The government has provided the enabling environment and now it’s time for the private sector to come in, especially in areas like education,” she said.

“Everybody wants to be an entrepreneur but there

aren’t too many coders. So that’s the real challenge,” she said, adding that many Malaysian entrepreneurs hired coders from Indonesia and Vietnam.

“That is going to be an issue in the medium and long term. You want to have the technical expertise in-house, not to always be getting people from outside,” she said.

Razif suggested that the private sector could provide support in the form of network, information, debt

and so on. However, he said that there was a need to “catalyze the space” to make it interesting for the private sector to come in.

“It’s not sustainable for Cradle to keep pumping in money,” he said.



▲ Interactive Q&A session with participants.

▼ We would like to thank all speakers, panelists and participants for making this a successful and fruitful conference.



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