

MALAYSIA WEEKLY ECONOMIC NEWS

(13 January 2020 – 17 January 2020)

Topics	Highlights
<p>Government targeting 15 million e-wallet users</p>	<p>The Government wants to increase the number of digital payment users to 15 million people as it moves toward making Malaysia a cashless society. Finance Minister, Lim Guan Eng said going cashless would help promote efficiency and transparency. "The Government wants to encourage digital payments because we feel it is important for Malaysia to become a cashless society one day, (when) we do all our payments online or on mobile phones. Lim said there were about eight million digital payment subscribers before the initiative kicked off. "We want to double that to 15 million, if possible 16 million, so that nearly every Malaysian above 18 years will be on digital payment," he said. However, he said the Government would not push ahead too quickly to become cashless but would take into consideration the needs of the rural population.</p> <p style="text-align: right;"><i>(Source: The Star, 17 January 2020)</i></p>
<p>SC publishes guidelines on digital assets</p>	<p>The Securities Commission Malaysia (SC) has published the Guidelines on Digital Assets as the country seeks to regulate the issuance of digital tokens for fundraising. The framework, which will come into force in the second half of 2020, allows businesses to raise capital up to RM100mil without selling their equity or undertaking debt. The fundraising will be done through Initial Exchange Offerings (IEO) on SC-registered electronic platforms. Companies with "an innovative solution or a meaningful digital value proposition" and a minimum paid-up capital of RM500,000 are allowed to issue digital tokens through IEOs. While public listed companies are not allowed to participate in IEOs, they can do so indirectly via a new subsidiary or a special purpose vehicle. Investments by retail investors are limited to RM2,000 per offering and a total of RM20,000 annually. Meanwhile, angel investors could invest in digital tokens up to RM500,000 per year.</p> <p style="text-align: right;"><i>(Source: The Star, 15 January 2020)</i></p>
<p>Malaysia 2020 unemployment could reach 3.4%– 3.6%</p>	<p>AmBank Group Research said Malaysia's unemployment rate in 2020 could reach 3.4%– 3.6% from 3.3% in 2019. AmBank group chief economist and head of research Dr Anthony Dass said November's unemployment rate remained at 3.2% for the second straight month and is at its 48-month low. Dass also said based on the labour market data, private consumption will be the anchor for the economic growth in 2019 and 2020. However, he said consumer sentiment is sliding based on the Malaysian Institute of Economic Research (MIER) survey which showed a reading of 84 in 3Q2019, the lowest since 4Q2017. Dass said job vacancies are dwindling, easing to an average of 83.7K for the first 10-months in 2019 compared to 92.2K in the period review.</p> <p style="text-align: right;"><i>(Source: The Edge Market, 14 January 2020)</i></p>
<p>Malaysia's shadow economy 21% of GDP</p>	<p>Malaysia's shadow economy accounts for 21% of gross domestic product (GDP) and amounts to an estimated RM300bil, says Finance Minister Lim Guan Eng. He said the strong underground economy, which he attributed to illegal activities that are difficult to track down, should be tackled effectively. "If not handled well, it will not only result in a big loss of revenue to the country but also reflect the inefficiency of the government agencies and implementing machinery in handling issues related to the shadow economy," he said. He said the loss in tax revenue from the hidden economy could threaten the stability of the nation's tax ecosystem particularly in the aspects of fair taxation and voluntary tax compliance. Lim said although Malaysia's economy continues to grow every year, the tax collection as a percentage of GDP has not been keeping pace.</p> <p style="text-align: right;"><i>(Source: The Star, 13 January 2020)</i></p>