

# MALAYSIA WEEKLY ECONOMIC NEWS

(29 May 2017 – 2 June 2017)

Topics	Highlights
<p><b>Bank Negara kicks off fintech sandbox</b></p>	<p>Bank Negara has approved four firms to operate within its “regulatory sandbox”, marking a significant milestone in the growth of financial technology (fintech) in Malaysia. Bank Negara opened applications for parties intending to create innovative ways to improve the quality, efficiency and accessibility of financial services in Malaysia last year, in line with global trends. It also saw the central bank creating a unit called the Financial Technology Enabler Group (FTEG) which would oversee the entry of technological innovations in financial services. Companies operating in the sandbox will be allowed to commercially launch their services albeit within limits set by the central bank and under close watch by the regulator.</p> <p style="text-align: right;"><i>(The Star, 29 May 2017)</i></p>
<p><b>Malaysia’s labour productivity up by 3.5% in 2016</b></p>	<p>Malaysia’s labour productivity grew by 3.5% to RM78,218 in 2016 from RM75,548 previously, said International Trade and Industry Minister YBhg. Datuk Seri Mustapa Mohamed. He said the result, slightly lower than the 3.7% annual growth targeted under the 11th Malaysia Plan (2016-2020), was mainly due to the financial market’s volatility and uncertain business confidence. Two top sectors that contributed to the growth were manufacturing with a productivity level of RM106,647 (+1.4%) and services at RM68,166 (+2.8%). “The agriculture sector registered an improved growth of 3.4% at RM55,486 compared with -2.3% in 2015,” Mustapa said when launching the Productivity Report 2016/2017 in Kuala Lumpur. The report, themed Challenging the Frontier, Empowering People, was published by Malaysia Productivity Corporation.</p> <p style="text-align: right;"><i>(The Star, 31 May 2017)</i></p>
<p><b>Production falls for first time in four months</b></p>	<p>Manufacturing output contracted in May, the first time in four months, with anecdotal evidence pointing to a downturn in client demand, according to the Nikkei Malaysia Manufacturing PMI report. According to the report, the headline Purchasing Managers’ Index (PMI) dipped below the 50.0 no-change mark to 48.7 in May. It said the rate of contraction was faster than the series average, with panellists generally linked lower production to weaker client demand. Commenting on the Malaysian Manufacturing PMI survey data, IHS Markit senior economist Paul Smith said the latest data dashed hopes of a sustained manufacturing upturn in Malaysia, with the headline PMI returning to contraction territory. Simultaneous growth of production and new work in April had raised the prospect of an economic turnaround, but both returned to decline in May. Panelists reported weak demand both domestically and abroad, citing disappointing sales in nearby Asian economies.</p> <p style="text-align: right;"><i>(The Star, 1 June 2017)</i></p>

**Malaysia's  
Internet  
connection is  
Asia-Pacific's  
10th fastest**

Malaysia's average Internet connection speed is the 10th fastest in Asia-Pacific, says international content delivery network service provider, Akamai. According to Akamai's First Quarter 2017 State of the Internet Report, Malaysia has an average connection speed of 8.9 Megabits per second (Mbps), a 9.1% increase from last quarter and a 40% improvement from the first quarter of last year. Regionally, the report said South Korea, Hong Kong, and Singapore had an average peak connection speed of above 100 Mbps, while 12 of the surveyed Asia-Pacific countries saw an average peak speed of above 50 Mbps, excluding China, the Philippines and India. It said Singapore once again led the region and the world with an average peak connection of 184.5 Mbps in the first quarter of this year

*(The Star, 1 June 2017)*

Economics and Policy Division  
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