

Bits + Bytes

A MISCELLANY OF TECHNOLOGY

NEWS

Malaysia gears up for digital economy boost with major tech investments

With substantial tech investments on the horizon, Malaysia Digital Economy Corporation (MDEC) and the government are focused on implementing and realising the investments made by global tech giants such as Amazon Web Services (AWS) and Microsoft, said MDEC CEO Mahadhir Aziz at the Malaysia Digital Open Day on July 2.

Through the National Council of Digital Economy and the Fourth Industrial Revolution (MED4IR) and the Malaysia Digital Economy Blueprint, the government is fostering a collaborative environment where both investors and the public can witness the digital economy flourish. MED4IR acts as a platform where digital economy initiatives planned and implemented at the state and federal levels are coordinated more systematically and aligned with the Malaysia Digital Economy Blueprint and National 4IR Policy.

The scope of MED4IR is being expanded to address broader policy and practical implementation issues in the digital economy. This decision, made during a cabinet meeting on April 12, will involve multiple ministries and improve effectiveness in solving industry challenges.

The council, chaired by Minister of Economy Rafizi Ramli and of which Minister of Communications Fahmi Fadzil is a member, seeks to enhance Malaysia's digital economy strategy. Initiatives include improving internet infrastructure and digital literacy through programmes like "Jelajah Saya Digital" and establishing digital economy centres nationwide.

Regarding concerns about the authenticity and validity of large investment announcements by companies such as Microsoft, Google, Amazon and ByteDance, Mahadhir assured the public that the investments are real and not speculative. "Those are committed investments, but the actual realisation of those investments will happen gradually over time [as the companies execute their plans]," he said.

Disclosed in August last year, AWS, the cloud computing division of Amazon.com Inc,

plans to invest US\$6 billion (RM28.3 billion) by 2037 to establish a new AWS region in Malaysia. On May 2, Microsoft revealed plans to invest US\$2.2 billion to advance the country's new cloud and artificial intelligence (AI) infrastructure.

Major investments by technology giants like AWS and Microsoft in Malaysia's data centre industry are set to provide supply chain opportunities for small and medium enterprises (SMEs) in the country.

On April 24, Minister of Investment, Trade and Industry Tengku Datuk Seri Zafrul Abdul Aziz said data centres made up the bulk of approved digital investments at RM114.7 billion out of RM144.7 billion between 2021 and 2023.

"So, where [MDEC] is coming in on the execution of investments, that will be on the interactions, development, establishment of whether it's physical [infrastructure], logical [systems] or the recruitment of people. So, the investment will have to be realised. The good thing about this is that at the Malaysia Digital Economy Blueprint and MED4IR, this is also being tracked in the form of realised investments," said Mahadhir.

He added that MyDIGITAL Corp and MED4IR will act as resources from which the public can get information on these investments. This transparency is intended to provide stakeholders with visibility of how investments are being executed and their impact on the digital economy. — By Grace Yap Ern Hui

Contactless transactions on the rise

Nearly 70% of total debit and credit card transactions were contactless following the pandemic, said Minister of Digital Gobind Singh Deo. The average e-payment transaction per person rose 31.5% to RM9.5 billion in 2022 from RM7.2 billion in 2021.

Industry-led initiatives have boosted the number of micro, small and medium enterprises (MSMEs) that accept DuitNow or QR payments. Malaysia now hosts 31 fintech companies, including 17 digital banks, with five approved by the Ministry of Finance, the digital minister said during the launch of TNG Digital Sdn Bhd's gold investment product e-Mas.

PICTURE OF THE WEEK

Japan has introduced its first new banknotes in 20 years, featuring 3D portraits of notable figures to deter counterfeiting using advanced holographic technology. The new ¥10,000, ¥5,000 and ¥1,000 notes depict financial and educational pioneers. Prime Minister Fumio Kishida highlighted their significance for capitalism, women's empowerment and innovation. Despite the country's move towards a cashless economy, cash remains vital. Businesses are upgrading machines to accommodate the new notes. While counterfeit banknotes are rare in Japan, the government aims to print 7.5 billion new bills, emphasising cash's continued importance amid economic growth and inflation challenges.

DIGITONARY Tokenisation

Tokenisation is the process of converting ownership rights of a physical or digital asset into a digital token on a blockchain. These tokens represent fractional ownership and can be traded or transferred easily.

For example, Airo is a platform that tokenises real estate in Malaysia. It allows investors to have fractional ownership of properties, enabling them to invest in real estate with less capital.

Each token corresponds with a share of the property's ownership, making real estate investment more accessible and liquid. This approach democratises investment opportunities and enhances market efficiency by leveraging blockchain technology for secure and transparent transactions.

The government aims to have Malaysia's digital economy contribute 25.5% to gross domestic product (GDP) by the end of next year. Gobind stressed the need for secure digital infrastructure and ensuring Malaysians have the skills to use it effectively.

"There's no point in us having the best infrastructure in the world when no one knows how to use it. So, it's important for us to understand that awareness is something that we need to also capitalise on," he said.

With the launch of products like e-Mas, Gobind urged the adoption of digitalisation for the benefit of the economy, industries, government and consumers. "My call to everyone here is to adopt technology. Be it large industries or medium, small and micro enterprises — if we don't adopt technology, we will be left behind," he said.

e-Mas allows Touch 'n Go eWallet users to

QUOTE OF THE WEEK

"The ministry acknowledges the need to protect the misuse of personal data during data sharing between relevant agencies.

"Even though government agencies are exempted from the Personal Data Protection Act 2010, civil servants are still subject to the Official Secrets Act 1972 and the conduct and discipline regulations.

"The ministry will review the suitability of provisions related to personal data protection in the (draft) bill to balance the importance of data sharing and an individual's right to their personal data."

— Gobind Singh Deo, Minister of Digital

The government will review the incorporation of data protection provisions in the Omnibus Act, balancing data sharing and privacy rights. The minister told Dewan Rakyat on July 3 that although the sharing of data between government agencies is exempted from the Personal Data Protection Act 2010, he stresses the importance of safeguarding personal data within the draft bill.

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invest in gold for as little as RM10. The pre-launch attracted 40,000 investors, or 8% of the company's 500,000 target for the year. The low barrier to entry aligns with TNG Digital's financial inclusivity goal, making it accessible to its 21 million users.

e-Mas focuses on digital gold, with no physical gold redemption. It is not shariah-compliant due to the lack of a physical component, although this may be added in the future. There is no investment limit beyond the RM20,000 e-wallet maximum per transaction. CIMB supports e-Mas as a liquidity provider and assists with risk management for price fluctuations.

Gobind said e-Mas has made gold investment easier by leveraging technology to provide accessible financial solutions to Malaysians. "This aligns closely with the government's overall mission to ensure that everyone, particularly those in underserved segments of the population, has access to services in the financial ecosystem," he added. — By Chelsea Lee

Gen Z shoppers value speed and variety over discounts

Efficient shipping and product variety are the top priorities for the Gen Z and Baby Boomers who shop online, outweighing factors such as promotions, discounts and competitive pricing, according to KPMG and GS1 in their "Navigating the future of seamless commerce in Asia-Pacific" report.

This means retailers need to enhance their logistical capabilities to meet delivery expectations, the report adds.

The study is based on a sample of 7,000 respondents across 14 markets in Asia-Pacific, including Malaysia. Nearly half of the respondents were Gen Z (aged 18 to 24 in 2023). The report states that this demographic influences marketing strategies, digital and physical shopping preferences, and sustainability considerations.

Across the region, Gen Z consumers indicated a strong preference for live streaming (57%) and social commerce (63%) in their shopping experience. This trend necessitates a shift in retail marketing strategies on online shopping platforms.

"Retailers must prioritise seamless commerce to cater to these evolving needs, ensuring a cohesive shopping experience across all channels," said Ngu Heng Sing (pic), partner and head of consumer and retail sector at KPMG Malaysia.

In Malaysia, mobile payments dominate the landscape at 34%, followed by social commerce (27%) and live stream shopping (16%). While the latter two may seem less significant in

comparison with global trends, a general shift towards hybrid shopping is evident.

Forty-five per cent of Gen Z respondents preferred omnichannel shopping, with only 30% opting for a purely online experience.

Moreover, 49% of Malaysian respondents reported being comfortable with both online and physical stores, while 27% still favoured traditional physical shopping.

Among online shoppers of all ages in Malaysia, Shopee and Lazada led as the most popular platforms, capturing 35% and 28% of the market share respectively. This surpassed online department store sites (7%) and suggests a prioritisation of faster delivery and wider product variety over established brands and niche offerings. Facebook Marketplace, with its primary user base aged 35 to 54, followed at 6%.

Malaysians demonstrated a preference for mobile banking apps as the go-to payment method, over traditional cash on delivery and even credit/debit cards.

Capitalising on the ease and variety offered online, shopping platforms have been actively improving their subscription models to retain loyal customers and attract investors. Interestingly, the report reveals that Malaysia has the second-lowest subscription service adoption rate in the region (above Japan) at 26%.

Additionally, 50% of respondents had never subscribed to a specific retail provider. This highlights the transient nature of Malaysian consumers, once again prioritising product variety over individual retailers and their long-term user deals.

The report indicates that Malaysians are among the most aware of Buy Now, Pay Later (BNPL) services at an awareness rate of 90%. Across all age groups, 28% of respondents were BNPL users, with the highest concentration (38%) in the 25 to 34 age bracket.

"BNPL is transforming the digital payment landscape by offering instalments for a wide range of transactions, including low-ticket items. This bodes well for the underbanked population. However, there may be disruptions to the growth trajectory of BNPL, given the recent push for higher regulatory oversight and intervention," said Ngu.

The report also states that Malaysian consumers are embracing sustainable products. Ninety-three per cent of respondents actively sought out brands that prioritise sustainability. However, with 44% of Malaysians expecting competitive pricing of such products compared with their alternatives, 38% would sideline sustainability in favour of reasonable cost.



EDITOR'S MUST-HAVES

Marshall introduces new earbuds, Minor IV, and on-ear headphones, Major V

Marshall, a British company known for designing and manufacturing music amplifiers, released two new user-friendly products with improved clarity, audio syncing and streaming ranges.

The Minor IV earbuds, redesigned with better angled earbud stems for comfort, provide over 30 hours of wireless playtime and in-app battery preservation features. Connecting to multiple devices, they can easily manage playbacks and calls. Retailing at RM699, the Minor IV earbuds are now available at official Marshall stores on Shopee, Lazada and Harvey Norman, among others.

With more than 100 hours of playtime, the Major V headphones require three hours of either wireless charging or via USB-C cable. They are lightweight for easy packing and durable. The product, priced at RM779, is exclusively available at Harvey Norman and Marshall official online stores.



This underscores the hesitance of Malaysians to pay premium prices for sustainable products. Only 32% of respondents were willing to pay a premium of 10%, and this dropped to 14% for a 20% premium and 10% for anything above 20%. This makes Malaysia one of the least willing to pay a premium among Asia-Pacific countries, despite its relatively developed economy.

On a global scale, however, Gen Z and Millennials were the most willing to pay a premium for sustainable products. This suggests a potential shift in the Malaysian market as younger generations with different spending habits enter the commercial landscape. — By Sonia Jeyakuhan

to a variety of operations and research projects, encompassing a broad spectrum of macroeconomic and microeconomic policy issues. Prior to his appointment, he served as the practice manager for finance, competitiveness and innovation in the East Asia and Pacific region, overseeing operations in China, Mongolia, South Korea, Laos, Cambodia, Myanmar and Vietnam.

His most recent roles include serving as the practice manager for the finance, competitiveness and innovation global practice in Latin America and the Caribbean region. He was also the lead economist and programme leader for Argentina, Paraguay and Uruguay.

PEOPLE MOVES

World Bank appoints new country director

Economist Zafer Mustafaoglu (pic) is the World Bank's new country director for the Philippines, Malaysia and Brunei. In his new role, he will oversee the World Bank's programme of support in the three countries, enhancing the institution's policy dialogues with government officials, civil society, academia, the private sector and other key stakeholders.

Mustafaoglu joined the World Bank in 2005 and has contributed



COMPETITIONS

Asia School of Business unveils the ASBhive-Hasanah Impact Challenge

Malaysia's social entrepreneurship movement has untapped potential due to low awareness and cohesion. To address this, PurpoSE Malaysia and the Chamber of Social Entrepreneur Development (CSED) Malaysia have developed the Social Enterprise Malaysia Amplifying Impact (Semai) Summit.

The highlight of this year's summit is the launch of the ASBhive-Hasanah Impact Challenge, in partnership with Yayasan Hasanah. The programme offers RM250,000 in grants to support social enterprises that focus on education, community development and the environment.

The grants aim to support social enterprises at both the seed and growth stages, providing accessible funding to enhance their capacity. This initiative is designed to sustain operations, boost fundraising efforts and raise public awareness of social innovation and scale solutions for positive social and environmental impacts. Applications for the grants opened on June 27 and will close on July 31.

The summit is organised by Asia School of Business in collaboration with the Ministry of Entrepreneur and Cooperatives Development, PurpoSE Malaysia and CSED.

The Semai Summit is a community-led movement dedicated to advancing social entrepreneurship, from grassroots initiatives to wide-reaching stakeholder involvement. The movement aims to create a supportive ecosystem for local and Malaysia-based social entrepreneurs through knowledge sharing, collaboration and access to resources.

For more information on the Semai Summit, visit iec@asb.edu.my.

TECH BOOKS

The Worlds I See: Curiosity, Exploration and Discovery at the Dawn of AI by Fei-Fei Li

Wired magazine called Dr Fei-Fei Li "one of a tiny group of scientists — a group perhaps small enough to fit around a kitchen table — who are responsible for AI's recent remarkable advances".

Known to the world as the creator of ImageNet, a key catalyst of modern artificial intelligence (AI), Li has spent more than two decades at the forefront of the field. But her career in science was improbable from the start. As immigrants, her family faced a difficult transition from China's middle class to American poverty. And their lives were made all the harder as they struggled to care for her ailing mother, who was working tirelessly to help them gain a foothold in their new homeland.

Li's adolescent knack for physics endured, however, and positioned her to make a crucial contribution to the breakthrough we now call AI, placing her at the centre of a global transformation. Over the last decade, her work has brought her face to face with the extraordinary possibilities — and the extraordinary dangers — of the technology she loves.

The Worlds I See is a story of science in the first person, documenting one of the century's defining moments from the inside. It provides a riveting story of a scientist at work and a thrillingly clear explanation of what AI actually is and how it came to be. Emotionally raw and intellectually uncompromising, this book is a testament not only to the passion required for even the most technical scholarship but also to the curiosity forever at its heart. — Amazon

THE WORLDS I SEE

CURIOSITY, EXPLORATION, AND DISCOVERY AT THE DAWN OF AI

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