# MALAYSIA WEEKLY ECONOMIC NEWS

***(17 October 2016 – 21 October 2016)***

| Topics | Highlights |
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| **Most Malaysians cannot imagine life without mobile devices, says Nielsen survey** | According to Nielsen's latest "Mobile Shopping, Banking and Payment" report, at least three out of five Malaysians or 58% said that they could not imagine life without mobile devices. The survey revealed that over 50% of Malaysian consumers feel anxious when their mobile devices are not close at hand. About one third of Malaysians have used their mobile device to purchase a product or service in the past six months. Although the top three activities Malaysian consumers conducted via their mobile devices in the past six months can be associated with social media, 64% of Malaysians use their mobile devices to look up product information while 60% of surveyed respondents used them to compare prices. Despite positive response to the idea of mobile banking, at least 74% of Malaysians still have reservations about conducting certain banking activities via their mobile devices in the next six months as security remains a key concern. Nevertheless, about two thirds or 68% are willing to make or increase the number of mobile payment.The online survey by Nielsen, which polled more than 30,000 respondents in 63 countries, examined a sample size of 485 respondents in Malaysia. *(Source: The Star, 17 October 2016)* |
| **Insurance to be offered through direct channel without commissions from next year - BNM** | Beginning 2017, insurers will be required to offer pure protection products through a direct channel without commissions said Datuk Muhammad Ibrahim (Governor, Bank Negara). The high internet and mobile phone penetration in Malaysia suggests that internet or mobile insurance makes good sense. Other untapped channels include banking agents, retail chains, employers and cooperatives. He said that new products and delivery channels that enhance outreach ultimately contribute towards expansion of a larger industry and pool of customers for all participants in the insurance sector as a whole. *(Source: The Star, 18 October 2016)* |
| **Bank Negara expands eligibility criteria for fintech Regulatory Sandbox Framework** | BNM has expanded the eligibility criteria to clarify the focus of innovations that the Financial Technology (fintech) Regulatory Sandbox Framework aims to support. It said that innovations should have clear potential to improve the accessibility, efficiency, security and quality of financial services. The regulatory sandbox will enable the experimentation of fintech solution in a "live" environment, subject to appropriate safeguards and regulatory requirements. The framework will take effect immediately and is now open for application. BNM will inform applicants of their eligibility to participate in the sandbox within 15 working days of receiving a complete application. This will be followed by preparatory engagements between it and the applicant prior to testing. *(Source: NST, 19 October 2016)* |
| **MIER sees 4.5 – 5.5% growth** | The country's economic growth will likely tilt towards the uptrend to up to 5.5% in 2017 said Datuk Zakaria Abdul Rashid (Executive Director of Malaysian Institute of Economic Research, MIER). MIER had kept its GDP growth forecast at 4.2% for 2016 as the external conditions remain sluggish and more weight be given to domestic demand to steer growth. For 2017, real GDP growth is expected to edge up moderately, registering growth of between 4.5% and 5.5%. Domestic demand continues to be the engine of growth by growing at 5%. Malaysia's current account balance was expected to deteriorate in 2016, estimated at 1.8 % of GNI. But it was poised to rebound next year as export demand improves. In the fourth quarter of 2016, it was expected production would fall in the coming months, with export sales showing a declining trend and employment prospects remaining unexciting. However, the local sales are expected to rise as wage pressure eases in the next three months. *(Source: NST, 19 October 2016)* |

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| **Lower car sales registered in September** | Car sales numbers hit another slow patch in September 2016 but the industry is expecting a slight pick-up in October 2016 on the back of new model launches e.g. Perodua Bezza, Proton Perdana, Persona and Saga. According to Malaysian Automotive Association (MAA), total industry volume (TIV) in September 2016 fell 5.7% or 2,908 units, to 51,099 units from 48,191 registered in September 2015. Sales volume for the month fell by almost 8% or 4,121 units compared to the previous months due to stringent hire-purchase loan approvals and consumers are taking a more cautious approach in their purchases of big ticket items. On a year-to-date basis, TIV dropped almost 14%, or 67,056 units, to 485,489 vehicles registered so far in 2016. For passenger vehicles, sales in September 2016 declined by 6% to 42,644 units compared to 45,238 units in September 2015. Meanwhile, commercial vehicle sales decreased to 5,547 unit from 5,861 units. Many car companies have been struggling to maintain their previous year's performance, hence MAA had slashed its TIV forecast downwards to 580,000 units for 2016 from 650,000 initially.<br>*(Source: NST, 20 October 2016)* |
| **Malaysian Government revenue seen higher at RM220 billion in 2017** | Federal Government revenue is expected to rise 3.4% to RM219.73 billion in 2017 from a year earlier mainly on higher corporate and petroleum tax income According to the Economic Report 2016/2017 by MOF, total tax income is expected to increase 8.1% to RM180.58 billion in 2017. Corporate and petroleum income tax is forecasted to climb 9.5% and 24.9% respectively while GST income is expected to rise 3.9% to RM40 billion. The Government will accelerate public sector reforms to strengthen fiscal management and improve public service delivery. Higher GST income is expected to cushion the Government's revenue.<br>*(Source: The Edge Financial Daily, 21 October 2016)* |
| **Malaysia to move towards high-end manufacturing** | High-end manufacturing is expected to spur Malaysia's manufacturing sector to account for a larger portion of the country's economy and workforce. According to the Economic Report 2016/2017, the Government has identified the electrical and electronic, aerospace, green technology, and medical devices subsectors as segments with high-end manufacturing potential. By 2020, the country's manufacturing sector is expected to grow 5.1% a year and contribute 22.5% to the country's GDP. The sector is anticipated to constitute 18.2% of the country's total employment. In 2015, the sector, which contributed 23% to GDP, accounted for 16.5% of the nation's workforce.<br>*(Source: The Edge Financial Daily, 21 October 2016)* |

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