

Definitive data and analysis for the mobile industry

# Mobile Economic Impact Malaysia

March 2019



The GSMA represents the interests of mobile operators worldwide, uniting more than 750 operators with nearly 400 companies in the broader mobile ecosystem, including handset and device makers, software companies, equipment providers and internet companies, as well as organisations in adjacent industry sectors. The GSMA also produces the industry-leading MWC events held annually in Barcelona, Los Angeles and Shanghai, as well as the Mobile 360 Series of regional conferences.

For more information, please visit the GSMA corporate website at [www.gsma.com](http://www.gsma.com)

Follow the GSMA on Twitter: [@GSMA](https://twitter.com/GSMA)

---

#### Author

**Stefano Suardi**  
Economist

## GSMA™ Intelligence

---

GSMA Intelligence is the definitive source of global mobile operator data, analysis and forecasts, and publisher of authoritative industry reports and research. Our data covers every operator group, network and MVNO in every country worldwide – from Afghanistan to Zimbabwe. It is the most accurate and complete set of industry metrics available, comprising tens of millions of individual data points, updated daily.

GSMA Intelligence is relied on by leading operators, vendors, regulators, financial institutions and third-party industry players, to support strategic decision-making and long-term investment planning. The data is used as an industry reference point and is frequently cited by the media and by the industry itself.

Our team of analysts and experts produce regular thought-leading research reports across a range of industry topics.

[www.gsmainelligence.com](http://www.gsmainelligence.com)

[info@gsmainelligence.com](mailto:info@gsmainelligence.com)

# Summary

## Part 1 State of industry

Many Malaysian consumers are digitally connected: 64% of citizens are mobile internet subscribers. 9 out of 10 subscribers use a smartphone.

4G penetration is higher than both the South-East Asian and Global average, which means high-speed internet is enjoyed by a great share of the population.

## Part 2 Economic impact in 2018



### Total impact

In 2018 the mobile ecosystem generated **7% of GDP** or \$24 billion in value added.

This is forecasted to increase up to **\$29 billion** in 2023, due to productivity benefits from increasing mobile internet penetration.



### Employment

Firms in the mobile ecosystem created more than **50,000 direct jobs** in 2018

Their activity also supported the indirect employment of over **55,000 people**.




### Public funding

Their contribution to public funding equalled **\$1.7 billion**, equal to 3.7% of government tax revenue.

Over one third of the value added by the mobile ecosystem is retained by the government in the form of taxation.

## Summary

	 <b>Total impact</b>	 <b>Employment impact</b>	 <b>Public funding</b>
2018	<b>\$ 24 billion</b>	<b>110,000 direct and indirect jobs</b>	<b>\$1.7 billion</b>
2023	<b>\$ 29 billion</b>	<b>125,000 direct and indirect jobs</b>	<b>\$2.1 billion*</b>

Source: GSMA Intelligence analysis. \*2023 government tax revenue based on ratio of tax to GDP in 2017 and forecast 2023 GDP.

# 1. State of the industry

---

Mobile Economic Impact: Malaysia

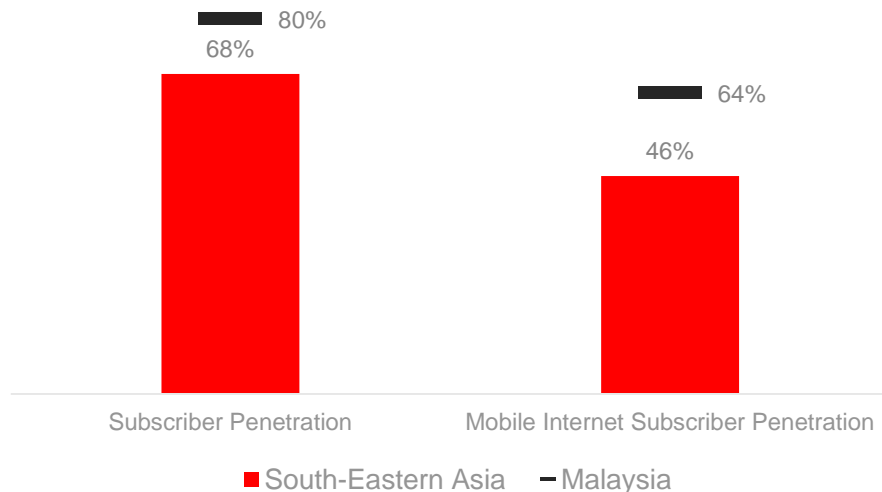




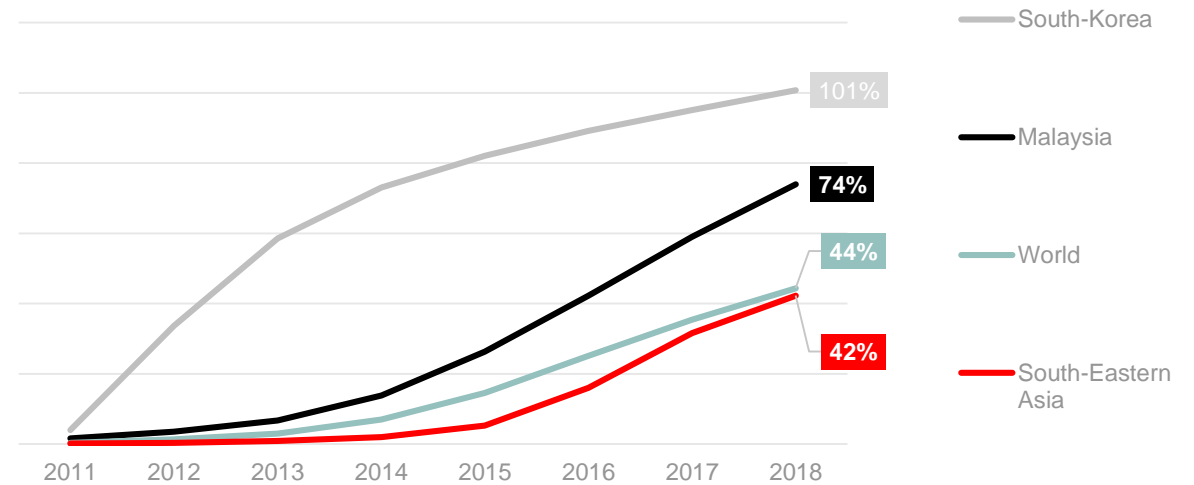
## Penetration

Malaysian consumers are more connected than the average South-East Asia consumer in terms of subscribing to mobile services including mobile internet connectivity.

Similarly, smartphone penetration in Malaysia is higher than both South-East Asian and Global average, with **9 subscribers out of 10 using a smartphone**.



## 4G Penetration



Malaysia is also a leader for 4G take-up – both in the region and globally.

By the end of 2018, there were 74 4G connections for every 100 people in Malaysia.



## Smartphone penetration

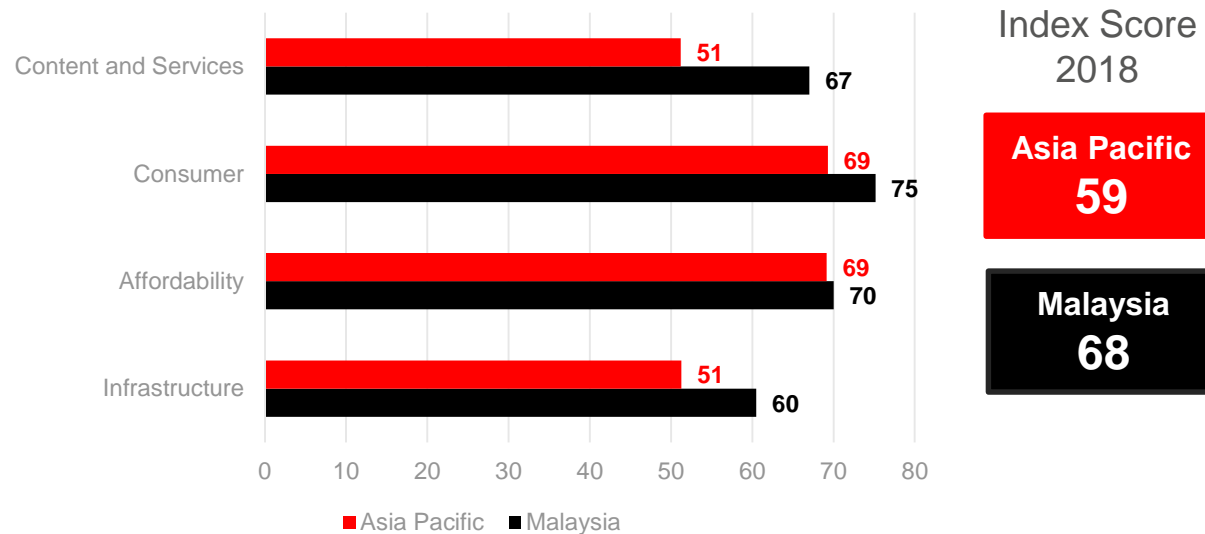
World  
61%

South-East Asia  
79%

Malaysia  
96%



## Mobile Connectivity Index (MCI)



The score of each enabler can range from 0 to 100

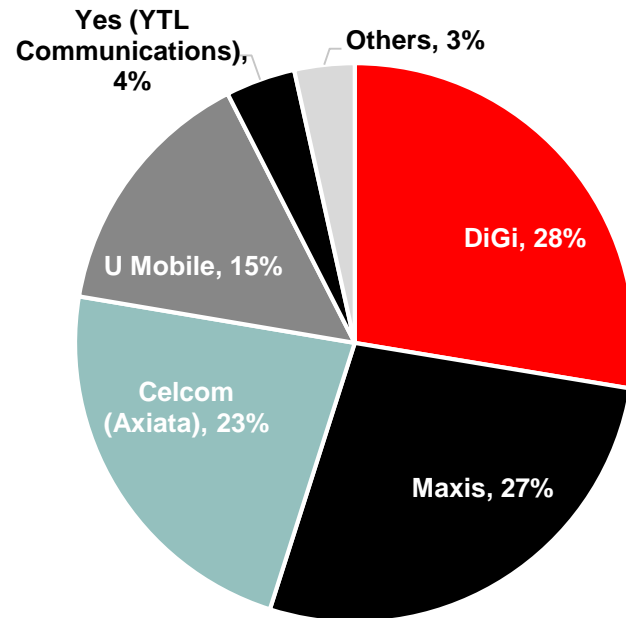
Based on GSMA Mobile Connectivity Index (MCI) 2018, **Malaysia's performance outweighed the ones of most other countries in South-East Asia**, with **better scores** in all the four identified categories.

Malaysia particularly scores well on consumer readiness and affordability. However, it could improve in the infrastructure segment, where network performance is lower than leaders in the region, as well as in the content and services segment.



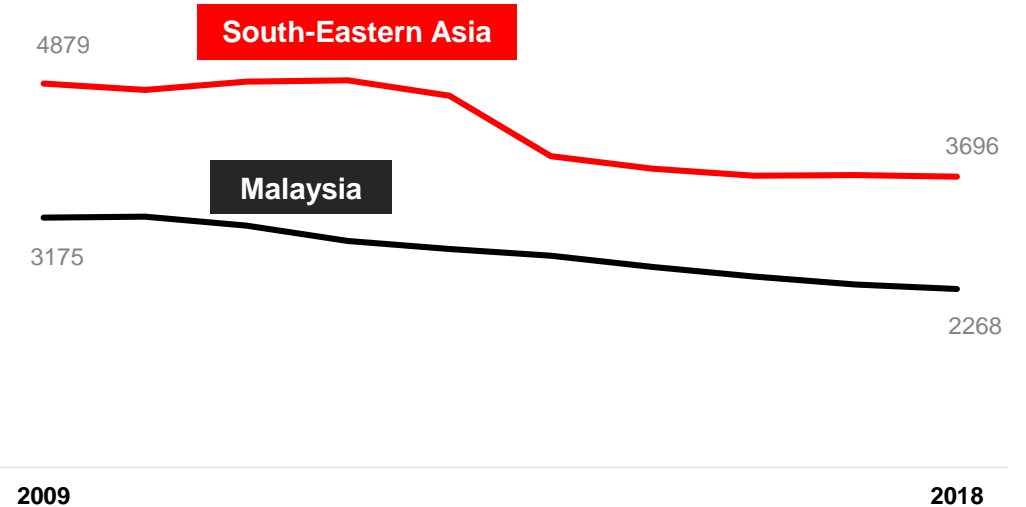
## Market structure

As of Q4 2018, Malaysia's market leaders are **DiGi**, **Maxis**, **Celcom**, and **U Mobile** followed by **Yes** and others smaller operators.



Others includes: Unifi (Telekom Malaysia), ALTEL (Puncak Semangat), TMgo (Telekom Malaysia) and Electcoms.

## Herfindahl-Hirschman Index: measure of market concentration



Concentration in Malaysia is significantly lower than in other South-East Asian markets and coherent with the descending trend affecting the region. In the past decade the country has seen traditional players, including Celcom (Axiata) and Maxis, losing market share to new players such as Umobile and YES (YTL Communications).



## 2. Economic impact of the mobile ecosystem

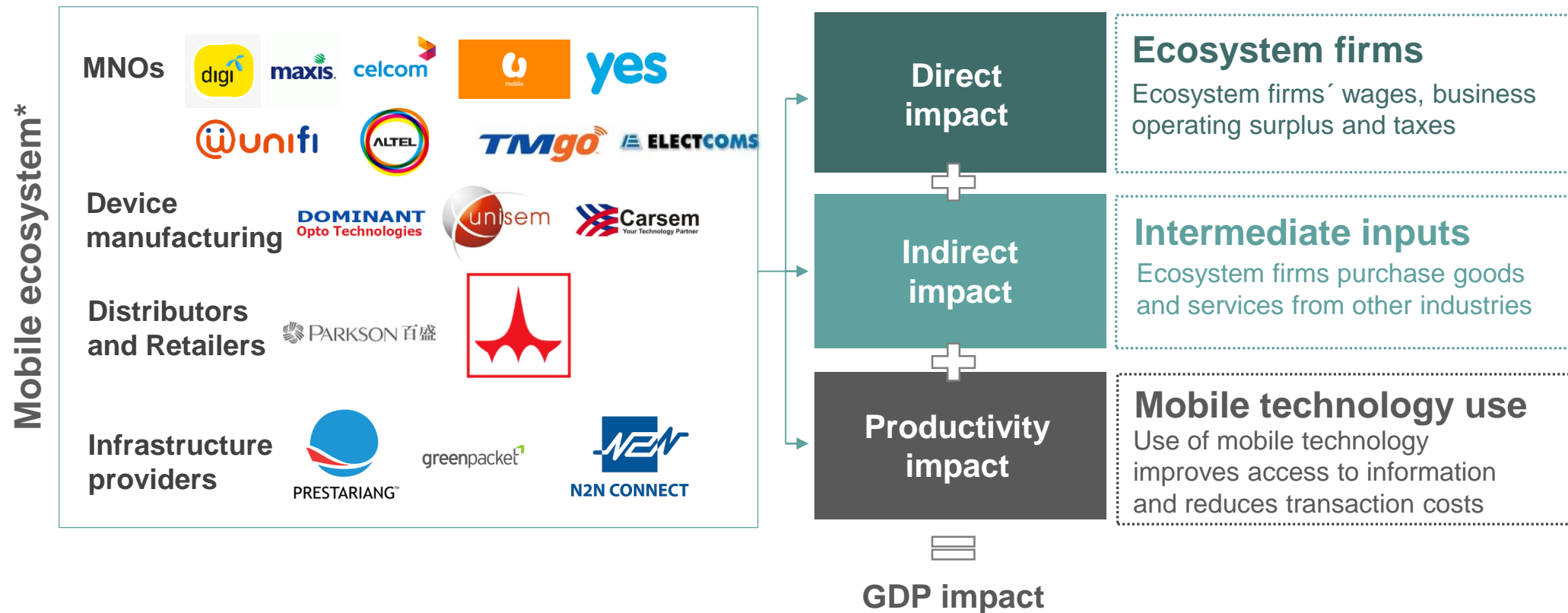
---

Mobile Economic Impact: Malaysia

## Economic impact of the mobile ecosystem in 2018

### The mobile industry makes an important contribution to Malaysia's economy

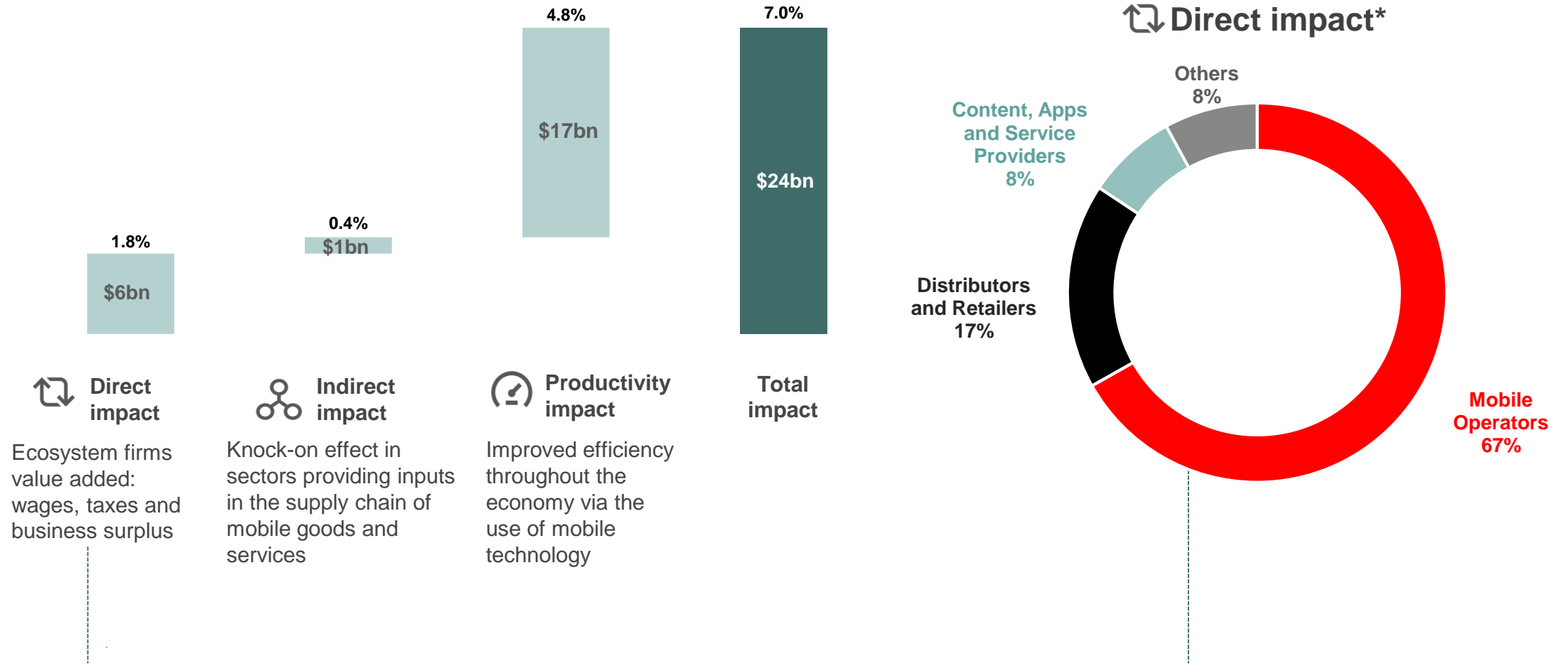
The economic value generated by the mobile ecosystem is through its direct, indirect and productivity impacts



\* Selected firms

# Economic impact of the mobile ecosystem in 2018

## 1. Total contribution to GDP

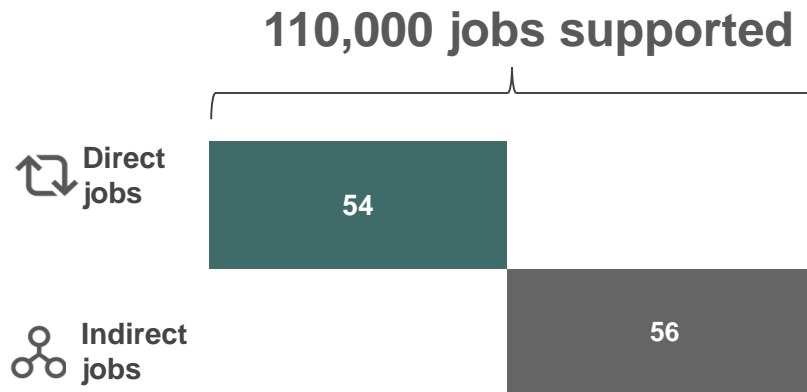


# Economic impact of the mobile ecosystem in 2018

## 2. Employment impact

### Mobile economic contribution to employment

Jobs (thousands), 2018



In 2018, the mobile sector and related industries directly supported more than **50,000 jobs** in Malaysia.

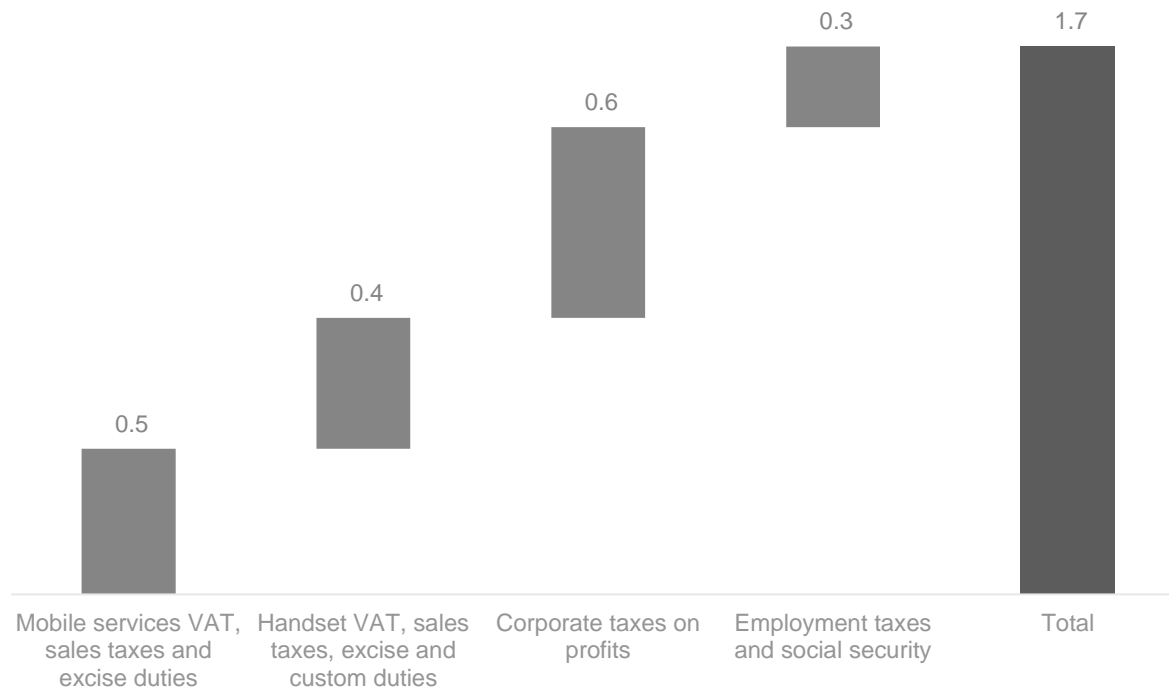
The mobile ecosystem buys goods and services from an extensive supply chain which in turn employs more staff. As these industries further interact with supply chains throughout the economy, this effect multiplies across Malaysia and supports a further **56,000 jobs**.

As a result – in total – the mobile ecosystem supports almost **110,000 jobs** directly and indirectly.

## Economic impact of the mobile ecosystem in 2018

### Mobile ecosystem fiscal contribution to government revenue

\$ billions, 2018



The mobile ecosystem decisively contribute to the fiscal income of Malaysia, with a total of **\$ 1.7 billion** in direct and indirect taxes in the year 2018.




Most of the revenues are obtained through direct taxes on mobile services and handsets, including VAT, sales taxes and excise duties.

Corporate taxes and other indirect taxes, including employment related taxes, account for **\$0.6 billion** on 2018.

The total amount is equal to **3.7%** of total Malaysia tax revenues for 2018.

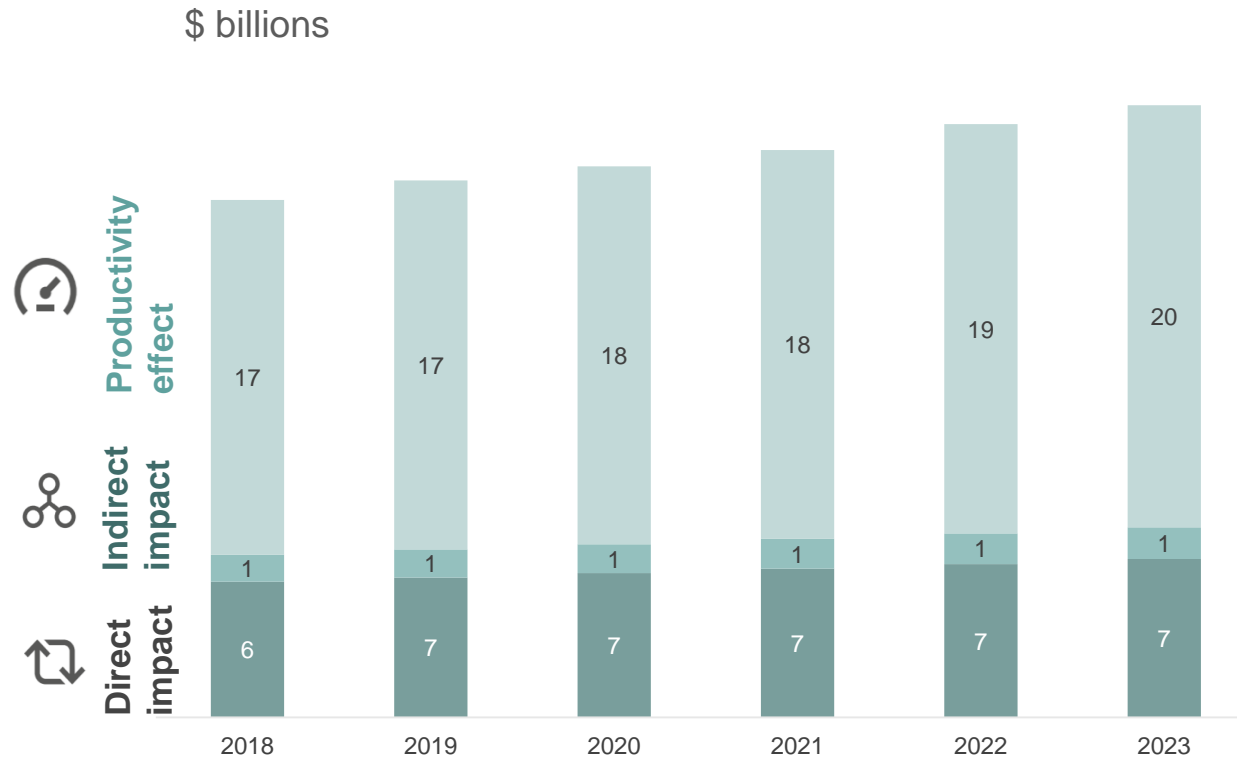
\*Excludes spectrum payments, regulatory taxes and fees that are not based on mobile operator's revenue

## Economic impact of the mobile ecosystem

	 Total impact	 Employment impact	 Public funding
2018	\$ 24 billion	110,000 direct and indirect jobs	\$1.7 billion
2023	\$ 29 billion	125,000 direct and indirect jobs	\$2.1 billion*



## Economic impact of the mobile ecosystem



- The mobile ecosystem will continue to provide significant contributions to the Malaysian economy in the coming years.
- This is mainly driven by the productivity impact, which will continue to increase due to the productivity gains by businesses using mobile internet and, partially, IoT.
- By 2023, mobile internet productivity impacts will account for **\$15 billion** of the total **\$20 billion** productivity impact in 2023, with IoT related productivity forecasted to contribute up to almost \$1 billion.

---

[gsmaintelligence.com](https://gsmaintelligence.com)

---

@GSMAi

