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

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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.

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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

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Impact</th>
<th>Employment Impact</th>
<th>Public Funding</th>
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<tr>
<td>2018</td>
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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
State of the industry

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.

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.
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.

The score of each enabler can range from 0 to 100.
As of Q4 2018, Malaysia’s market leaders are DiGi, Maxis, Celcom, and U Mobile followed by Yes and others smaller operators.

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

Mobile ecosystem

- MNOs
- Device manufacturing
- Distributors and Retailers
- Infrastructure providers

Ecosystem firms

- Direct impact
  - Ecosystem firms’ wages, business operating surplus and taxes

Intermediate inputs

- Indirect impact
  - Ecosystem firms purchase goods and services from other industries

Mobile technology use

- Productivity impact
  - Use of mobile technology improves access to information and reduces transaction costs

GDP impact

* Selected firms
Economic impact of the mobile ecosystem in 2018

1. Total contribution to GDP

- **Direct impact**: 1.8% (value added: wages, taxes and business surplus)
- **Indirect impact**: 0.4% ($1bn)
- **Productivity impact**: 4.8%
- **Total impact**: 7.0% ($24bn)

**Total ecosystem firms value added**: $17bn

**Mobile Operators**: 67%

**Distributors and Retailers**: 17%

**Content, Apps and Service Providers**: 8%

**Others**: 8%

**Knock-on effect in sectors providing inputs in the supply chain of mobile goods and services**

**Improved efficiency throughout the economy via the use of mobile technology**

Source: GSMA Intelligence
Economic impact of the mobile ecosystem in 2018

2. Employment impact

Mobile economic contribution to employment
Jobs (thousands), 2018

110,000 jobs supported

- Direct jobs: 54
- Indirect jobs: 56

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

- Mobile services VAT, sales taxes and excise duties: 0.5
- Handset VAT, sales taxes, excise and custom duties: 0.4
- Corporate taxes on profits: 0.6
- Employment taxes and social security: 0.3
- Total: 1.7

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

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Source: GSMA Intelligence
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.