

Market Review on the Digital Economy Ecosystem Under the Competition Act 2010

Malaysia Competition Commission (MyCC)
Draft final report: Book 2 (E-commerce (Retail marketplace))
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Abbreviations

ACCC	Australian Competition & Consumer Commission
ACCP	ASEAN Committee on Consumer Protection
ACMA	Australian Communications and Media Authority
AGCM	Autorità Garante della Concorrenza e del Mercato
AI	Artificial Intelligence
AI-RMAP	Artificial Intelligence Roadmap
AMS	ASEAN Member States
APEC	Asia-Pacific Economic Cooperation
AR	Augmented Reality
ART	Average Response Time
ASEAN	Association of Southeast Asian Nations
ASP	Application Service Provider
AWB	Airway Bill
BCP	Bonus Cashback Program
BEPS	Base Erosion and Profit Shifting
BNM	Bank Negara Malaysia
BNPL	Buy Now, Pay Later
BRI	Belt and Road Initiative
BXP	Bonus Extra Program
CAGR	Compound annual growth rate
CAP	The Consumers' Association of Penang
CCCS	Competition and Consumer Commission of Singapore
CCI	Competition Commission of India
CDEI	Centre for Data Ethics and Innovation
CII	Critical Information Infrastructure
CMA	Competition and Markets Authority/Communications and Multimedia Act
COD	Cash on Delivery
COVID	Coronavirus Disease
CPA	Consumer Protection Act
CRR	Chat Response Rate
CSAT	Customer Satisfaction Score
DBS	Delivered by Seller
DDI	Domestic Direct Investment

DDR	Delivery Depot and Redistribution
DFTZ	Digital Free Trade Zones
DHL	Deutsche Post AG
DMA	Digital Markets Act
DMCC	Digital Markets, Competition and Consumers
DNB	Digital Nasional Bhd
DOJ	Department of Justice
DOP	Drop-off points
DOSM	Department of Statistics Malaysia
DPC	Data Protection Commission
DPO	Data Protection Office
DSA	Digital Services Act
EC	European Commission
ECA	Electronic Commerce Act
ED	Enforcement Directorate
EPU	Economic Planning Unit
ESG	Environmental, Social, and Governance
EU	European Union
EUR	Euro
FAMA	Federal Agricultural Marketing Authority
FBA	Fulfillment by Amazon
FBL	Fulfilled by Lazada
FBS	Fulfilled by Shopee
FCA	French Competition Authority
FCO	Federal Cartel Office
FEMA	Foreign Exchange Management Act
FFR	Fast Fulfilment Rate
FGD	Focus Group Discussion
FMCG	Fast Moving Consumer Good
FOMCA	The Federation of Malaysian Consumers Associations
FPX	Financial Process Exchange
FRP	Foreign Registered Person
FRT	First Response Tim
FSP	Foreign Service Provider
FTC	Federal Trade Commission
FWIG	Foreign Workers Insurance Guarantee
GDI	Global Digitalisation Index

GDP	Gross domestic product
GDPR	General Data Protection Regulation
GERD	Gross Domestic Expenditure on R&D
GMT	Global Minimum Tax
GMV	Gross Merchandise Value
HHI	Herfindahl-Hirschman index
IAP	In-app Purchases
IC	Integrated Circuit
ICA	Italian Competition Authority
ICC	Indonesia Competition Commission
ICT	Information and Communication Technology
ID	Identification
IDC	International Data Corporation
IDI	In-depth interview
IMD	Institute for Management Development
IP	Internet Protocol/Intellectual Property
IPPC	Intellectual Property Protection Center
IPS	Integrated Payment Systems
ISMS	Information security management system
ISO	International Organization for Standardization
IT	Information Technology
ITU	International Telecommunication Union
JARING	Joint Advanced Research Integrated Networking
JENDELA	National Digital Infrastructure Plan
JFTC	Japan Fair Trade Commission
JPDP	Jabatan Perlindungan Data Peribadi
JV	Joint Venture
KEGA	Key Economic Growth Area
KLIA	Kuala Lumpur International Airport
KPDN	Ministry of Domestic Trade and Cost of Living
LDR	Late dispatch rate
LEX	Lazada Express
LGS	Lazada Global Shipping
LHDN	Inland Revenue Board of Malaysia
LLM	Large Language Models
LPI	Logistics Performance Index
LVG	Low-Value Goods

MADA	Mobile Application Distribution Agreements
MADANI	keMampanan (Sustainability), kesejAhteraan (Prosperity), Daya cipta (Innovation), hormAt (Respect), keyakiNan (Trust) and Ihsan (Compassion)
MATRADE	Malaysia External Trade Development Corporation
MAVCOM	Malaysian Aviation Commission
MBE	Mail Boxes Etc.
MCMC	Malaysian Communications and Multimedia Commission
MCO	Movement Control Order
MCPA	MyChannel Partner Agreement
MCSS	Malaysia Cyber Security Strategy
MDC	Multimedia Development Corporation
MDEB	Malaysia Digital Economy Blueprint
MDEC	Malaysia Digital Economy Corporation
MFN	Most Favoured Nation
MITI	Ministry of International Trade and Industry
ML	Machine Learning
MODA	Make-Own-Delivery-Arrangement
MOF	Ministry of Finance
MOH	Ministry of Health
MOQ	Minimum Order Quantities
MOSTI	Ministry of Science, Technology and Innovation
MOTAC	Ministry of Tourism, Arts and Culture
MPC	Malaysia Productivity Corporation
MRANTI	Malaysian Research Accelerator and Technology Innovation
MS	Malaysian Standard
MSC	Multimedia Super Corridor
MSIC	Malaysia Standard Industrial Classification
MSME	Micro, Small and Medium Enterprises
MYR	Malaysia Ringgit
N-IICS	Number-Independent Interpersonal Communication Service
NACSA	National Cyber Security Agency
NADI	National Information Dissemination Centres
NAIO	National Artificial Intelligence Office
NCS	National Security Council
NESR	National E Commerce Strategic Roadmap
NFR	Non-Fulfilment Rate

NGM	Next-Generation Manufacturing
NIIF	New Investment Incentive Framework
NIMP	National Industrial Master Plan
NLP	Neuro-Linguistic Programming
NSW	National Single Window
NTIS	National Technology and Innovation Sandbox
OECD	Organisation for Economic Co-operation and Development
OS	Operating System
OTA	Online Travel Agency
OTCC	Office of the Trade Competition Commission
OTP	One-Time Password
PADU	Pangkalan Data Utama
PBT	Pihak Berkuasa Tempatan
PDG	Princeton Digital Group
PDPA	Personal Data Protection Act
PDPC	Personal Data Protection Commission
PE	Permanent Establishment
PENJANA	Pelan Jana Semula Ekonomi Negara
PIAM	General Insurance Association of Malaysia
PLKS	Pas Lawatan Kerja Sementara
PNR	Package Not Ready
PSA	Postal Services Act
PSO	Payment System Operator
RM	Relationship Manager
RMCD	Royal Malaysian Customs Department
RMS	Razer Merchant Services
SC	Securities Commission Malaysia
SCENIC	Sabah Creative Economy and Innovation Centre
SDEC	Sarawak Digital Corporation
SEA	Southeast Asia
SEO	Search Engine Optimisation
SFCR	High seller-fault cancellation rate
SFP	Shipping Fee Program
SGD	Singapore Dollar
SIRIM	Institut Piawaian dan Penyelidikan Perindustrian Malaysia
SKU	Stock Keeping Unit
SLA	Service-Level Agreements

SME	Small and Medium Enterprise
SPA	Sales and Purchase Agreement
SPV	Shared Prosperity Vision
SPX	SPX Express
SSFS	Seller Shipping Fee Saver
SSL	Secure Sockets Layer
SSM	Suruhanjaya Syarikat Malaysia
SST	Sales and Service Tax
SUPER	Malaysia Startup Ecosystem Roadmap
SWN	Single Wholesale Network
TNG	Touch 'n Go
TPM	Technology Park Malaysia
TSP	TikTok Shop partner
TTPM	Tribunal of User Claims Malaysia
TV	Televisions
UAE	United Arab Emirates
UK	United Kingdom
UN	United Nations
U.S.	United States
USD	United States Dollar
VC	Venture Capital
VLOP	Very Large Online Platform
WCC	World Competitiveness Center
WHT	Withholding Tax
YTL	Yeoh Tiong Lay
ZTE	Zhongxing Telecommunication Equipment

1. Executive summary

1.1 Global digital economy

- The digital economy encompasses a wide range of activities primarily driven by digitised technologies. The sector is dynamic and rapidly evolving, continuously adapting to technological advancements and changing societal needs.
- As of 2022, the sector was valued at USD 11.1 trillion globally, with an expected annual growth rate of 10.4% by 2028.
- Key trends shaping the sector's development include its growing role in geopolitics, data emerging as a critical factor, and increasing digitalisation of governments, businesses, and consumers.
- The sector has given rise to companies that dominate global industries – e.g., Google, Apple, Meta. Many of the largest global companies are also operating across multiple industries.
- Key players' involvement in anti-competitive practices are becoming more prominent – largely due to their strong dominance and traditional regulatory frameworks struggling to keep up with rapid sector changes.
- As Malaysia continues to develop its digital economy, understanding the sector and the potential anti-competition challenges posed by key players will be crucial.

1.2 Digital economy in Malaysia

- In Malaysia, its digital economy sector is crucial to the country's growth. In 2023, it contributed approximately 23.5% to the national gross domestic product (GDP) and employed around 1.2 million people (7.8% of total employment). E-commerce holds the largest share, at about 41%.

- The sector is vulnerable to anti-competitive practices and data privacy violations. Several companies, such as Dagang Net, MyEG, Grab, Shopee, Carousell, and iPay88, have faced both allegations and formal investigations in recent years. As the digital economy grows, anti-competitive cases are expected to rise.
- Malaysia has developed several policies and regulations to support the digital economy. However, there are gaps which hinder effective oversight and enforcement, such as the lack of an overarching digital economy framework, unclear jurisdictional boundaries between regulatory bodies, and overlapping competition regulations.
- As anti-competitive practices increase, it is essential for Malaysia to understand the technologies and complexities within the sector, especially in the four sub-sectors.

1.3 E-commerce (retail marketplace)

- This review focuses on online B2C marketplaces, specifically platforms that connect buyers and sellers in a central space, enabling seamless transactions and interactions.
- These marketplaces are defined by three key characteristics: they operate as multi-sided platforms, benefit from strong network effects, and offer support services such as payment processing, customer reviews, and logistics management
- Malaysia's e-commerce sector has experienced rapid growth, reaching MYR 175.7 billion in 2023, up from MYR 66.4 billion in 2015 driven by rising digital adoption and strategic policy initiatives.
- Growth has been fuelled by widespread internet access, with 98% of the population online by 2025, alongside the rollout of the National E-commerce Strategic Roadmap (NESR 2.0), which supports digital trade through 2025.
- The e-commerce marketplace supply chain involves five main player types:

- **Merchants**, who supply goods directly to online consumers.
 - **E-commerce enablers**, who provide support services like storefront setup, digital marketing, and inventory management.
 - **Marketplaces**, which serve as digital platforms facilitating transactions between merchants and consumers.
 - **Financial intermediaries**, who manage online payments and transaction flows.
 - **Logistics providers**, who handle product storage, delivery, and returns.
- The regulatory framework for e-commerce marketplaces is currently limited, relying mostly on non-binding codes that encourage good practice but lack legal enforceability.
 - Malaysia's key legislation, the Electronic Commerce Act 2006 [Act 658], is outdated, offering limited provisions on current issues such as seller verification, product authenticity, and consumer data protection.
 - Consumer protection laws also require updating, particularly to address platform liability, algorithmic manipulation of product visibility, and dispute resolution in the digital environment.
 - The e-commerce market remains highly concentrated, with Shopee holding an estimated 55-65% of total GMV, TikTok Shop rapidly gaining share at 20-35%, and Lazada maintaining a 10-20% share. TikTok Shop's growth is fuelled by its social commerce model, which integrates short-form video and influencer-driven sales.
 - The sector is highly dynamic and competitive, marked by rapid platform innovation, shifting consumer behaviour, and aggressive expansion strategies by major players.

- New market entrants face steep challenges, including high capital requirements, complex operations, entrenched user bases, and limited visibility against dominant incumbents.
- Leading platforms are further strengthening their positions through vertical integration, such as Shopee's Fulfilled by Shopee (FBS), which offers warehousing, shipping, and returns under its own infrastructure.
- Anti-competitive practices have been observed, including concerns raised by third-party merchants over data asymmetry. Dominant platforms may leverage extensive demographic, sociographic, and psychographic data to gain a competitive edge
- Additional issues include restricted delivery options through delivery masking, and potential bias in favour of in-house logistics providers
- Four targeted actions recommended to address specific issues in the e-commerce (retail marketplace) sub-sector:
 - **Enhance operational transparency in marketplaces**, by strengthening platform responsibilities, fairness and transparency, consumer protection and inclusion, buyer and user responsibilities, and online dispute resolution.
 - **Improve merchant access to platform data**, promoting transparency and enabling better decision-making and business performance.
 - **Transfer competition-related regulatory powers over the postal and courier services industry to MyCC**, including those currently held by MCMC under the Postal Services Act 2012.
 - **Streamline registration process for Sabah & Sarawak-based merchants**, to allow streamlined registration and easier compliance requirements.

- Six general recommendations also being proposed, with the most critical being the establishment of a central digital economy taskforce. This taskforce would lead key high-level initiatives, including the development of a digital platform ombudsman, clear guidelines on platform conduct, and a unified legislative framework to clarify regulatory roles, address existing gaps, and ensure a level playing field across the digital ecosystem.
- Another key general recommendation is the consolidation of competition oversight under a single authority. Aligned with the 13th Malaysia Plan, this aims to clarify and delineate the regulatory boundaries between MyCC and other sectoral regulators with competition mandates.

2. Introduction

2.1 Market review on the digital economy ecosystem

The Malaysia Competition Commission (MyCC) is an independent body established under the Competition Commission Act 2010 [Act 713], tasked with enforcing the Competition Act 2010. Through its efforts, MyCC aims to foster a robust, efficient, and sustainable economy for Malaysia and its people.

Under section 11(1) of the Competition Act 2010 [Act 712], MyCC has the authority to conduct market reviews to assess if there are any activities in a market that may prevent, restrict or distort competition. These reviews help MyCC understand market conditions and identify any competition issues that need to be addressed.

Given the rapid growth of the digital economy, MyCC has decided to conduct a market review focusing on selected digital economy sub-sectors. The market review will be the eighth review, following previous studies on the professional body fees, domestic broiler market, pharmaceutical, building materials in construction, food, wholesale retail trade and transportation sectors since 2013.

2.2 Market review objectives

The Market Review on the Digital Economy Ecosystem under the Competition Act 2010 aims to achieve the following objectives:

- To study the market structure, supply chain and profile of industry players that are involved throughout the upstream and downstream of the digital economy and sub-sectors studied;
- To study any market interactions and competition concerns in the digital economy and sub-sectors studied;
- To study the extent of potential market distortion by authority's regulations and policies and whether government intervention is

necessary in curbing competition concerns in the digital economy and sub-sectors studied; and

- To provide recommendations to the government agencies and regulators in the digital economy to minimise the actual or potential restrictive effect of regulations on competition.

2.3 Expected outcomes

Four outcomes expected from the market review of the digital economy sector:

- Identify potential anti-competitive behaviour in the sub-sectors, and validate the effectiveness of MyCC's enforcement tools;
- Provision of an all-encompassing study of the digital economy to the government (which provides details on the supply chain and its current state and prospect);
- Provision of better understanding of the sector to the government in the areas of market practices and competition issues; and
- Serve as a detailed guidance for the government and industry stakeholders to bolster Malaysia's digital economy in line with international standards, thereby further boosting its contribution to the national GDP.

2.4 Research methodology

This study employs a two-pronged approach, incorporating both primary and secondary research methods:

Table 1: Research methodologies

Methodology	Activity	Details
Primary research	Focus group discussion (FGD)	Qualitative data collection method through the gathering of a small group

Methodology	Activity	Details
		of relevant supply chain stakeholders for each sub-sector. Purpose of the FGDs is to validate existing understanding of the market structure, as well as current practices by stakeholders.
	In-depth interviews (IDI) with sub-sector stakeholders	Sessions with sub-sector stakeholders to gain deeper insight in their practices and operations. Aside from key sub-sector players, related stakeholders along the supply chain such as associations, merchants, logistics providers, advertisers, agencies, hotels, etc., are engaged to gain better understanding of the potential anti-competition practices by key players.
	Written input from sub-sector players	Formal submissions provided by sub-sector players either following an IDI session or on their own initiative after receiving a list of interview questions from MyCC.
	Sub-sector surveys	Four online surveys targeting customers

Methodology	Activity	Details
		(differ according to sub-sectors) of the four sub-sectors. Questions focused on three main areas: (1) respondent profile, (2) the nature of the operational relationship with the key player, and (3) key challenges encountered.
	End-user/ public survey	One survey targeting end-users across the four sub-sectors (app users, e-commerce buyers, individuals who have interacted with digital advertisements and OTA users). Survey focused on understanding consumer behaviour throughout the customer journey, from initial awareness to post-purchase engagement.
	Public consultation sessions	Online-based public consultations to both share findings and gather additional insights from stakeholders, with the aim of refining the market study.
Secondary research	Literature review	Review of existing literature, including industry reports, market

Methodology	Activity	Details
		studies, and government publications.
	Public data/information review	Utilise secondary data from reputable sources.
	Industry research report review	Assess industry-specific reports to gather complete picture of each sub-sector's market structure.
	Player analysis	Examine various secondary information/data related to the players, focusing on areas that may be indicative of anti-competition practices.
	Benchmarking analysis	Review of anti-competitive practices in similar sub-sectors across other countries, as well as initiatives taken to curb it.

Source: MyCC

2.5 Focus of the market review

The review focuses on three sections:

2.5.1 Overview of the digital economy sector

Historical performance and expected performance of the sector as a whole, including key policies and regulations related to the digital economy.

2.5.2 Sub-sector deep dive

Four digital economy sub-sectors are selected for review in this study, with focus on its:

1. **Study scope:** Scope/ market boundaries of the review. The boundaries are outlined solely to define the study area and do not reflect MyCC's final view on the sub-sector.
2. **Market structure and supply chain:** Organisation of the sub-sector, specifically how services flow within the supply chain.
3. **Market practices:** Common business practices employed by players in the sub-sector.
4. **Data privacy and protection:** Data collection and management practices by key players within the sub-sector.
5. **Sub-sector regulations:** Regulations, guidelines and codes specific to the sub-sector, as well as relevant issues.
6. **Consumer behaviour and innovation trends:** Consumer behaviour in interacting with the sub-sector, along with the latest innovation trends that may impact competition.
7. **Key players:** Key players along the sub-sector's supply chain.

8. **Key market-related issues:** Key structural or functional problems found in the sub-sector.
9. **Competition assessment:** Degree of competition within the sub-sector based on the following three areas - market concentration, degree of horizontal and vertical integration and level of entry barriers. These assessments are based on insights and data gathered from FGDs, IDIs, and secondary research sources.
 - **Market concentration:** Extent to which a small number of firms dominate the sub-sector (defined based on the study scope), reflecting the level of competition within the market. Two key quantitative measures used to assess this: the Herfindahl-Hirschman Index (HHI) and the Concentration Ratio of the top 4 firms (CR4):

Table 2: Overview of HHI and CR4

Factors	HHI	CR4
Definition	<ul style="list-style-type: none"> Commonly used measure of market concentration and competition among companies in a sector. Assesses how much market share is controlled by the key companies. 	<ul style="list-style-type: none"> Another common measure of market concentration that focuses on the largest companies in a sector. It shows how much of the market is controlled by the top four companies.
Formula	<ul style="list-style-type: none"> $HHI = S1^2 + S2^2 + S3^2 + \dots$ S1, S2, etc.: Refers to the market share (in %) that 	<ul style="list-style-type: none"> $CR4 = S1 + S2 + S3 + S4$ S1, S2, S3, S4.: Refers to the market share (in %) of four largest

Factors	HHI	CR4
	key players hold in the sub-sector	players in the sub-sector
Indication of competition	<ul style="list-style-type: none"> • < 100 = no concentration • 100-1,500 = low concentration • 1,500-2,500 = medium concentration • > 2,500 = high concentration 	<ul style="list-style-type: none"> • 0% = no concentration • 1-49% = low concentration • 50% = oligopoly • 51-99% = high concentration • 100% = monopoly

Source: Corporate Finance Institute

- **Degree of horizontal and vertical integration:** Extent to which sub-sector players expand their control either by merging or acquiring competitors at the same stage of production (horizontal) or by controlling multiple stages of the supply chain (vertical).
- **Level of entry barriers:** Assessment of how easy or difficult it is for new companies to enter the sub-sector.

10. **Key competition-related issues:** Behaviours and activities observed that harm fair competition in the sub-sector.

The focus sub-sectors in this review are:

(a) Mobile Operating & Payment System

Software platforms designed for mobile devices and serve as intermediaries between device hardware and applications. This study will focus exclusively on the mobile operating system (OS), app store, app distribution and its integrated payment system.

(b) E-commerce (retail marketplace)

Business-to-consumer (B2C) marketplace platforms that allow users and merchants to buy and sell goods over the internet. These platforms act as intermediaries between sellers and buyers. This excludes service-related (e.g., transportation, food delivery) platforms.

(c) Digital Advertising Services

Online marketplaces and platforms that enable supply and demand partners to buy or sell digital ad inventory, with ads displayed on search engine results, social media, and other digital properties.

(d) Online Travel Agencies (OTAs)

Web and mobile-based platforms that allow consumers to book travel services, with the focus being only on accommodation booking platforms.

The selected sub-sectors are based on two considerations: (a) alignment with other digital economy studies and (b) alignment with key digital economy anti-competition cases. Detailed rationale is highlighted in section 2.6.

In addition to the four sub-sectors, one enabling area will be studied across them:

(e) Data Privacy & Protection:

Data plays a central role in the business models of all the aforementioned sub-sectors. For example, app stores use data to customise app offerings and improve user experience; e-commerce marketplaces rely on customer data to personalise product recommendations; digital advertisers leverage data to tailor content and target audiences effectively; and OTAs rely on data to offer personalised travel recommendations and dynamic pricing.

Given the critical role of data in the digital economy, access to relevant data can thus be a key factor in determining the competitive position of

companies in their respective sub-sector ¹. influencing both market dominance and the ability to expand its market presence.

This study examines two key data-related areas:

- **Data privacy:** which relates to the rights of internet users to control which data is shared with whom, and how their personal information is used in the digital marketplace.
- **Data protection:** which focuses on the mechanisms and management practices employed by companies (data controller) to prevent the misuse or unauthorised access of personal and sensitive information that they collect, store, and process.

In understanding data privacy & protection across the four sub-sectors, key areas of data collection, usage, control and compliance will be studied.

2.5.3 Strategic recommendations

Key recommendations for each sub-sector are provided to address the identified competition- and regulatory-related issues. These recommendations may be implemented by the relevant ministries and government agencies to promote greater competition and ensure an inclusive digital economy, without undermining foreign investment or stifling innovation.

2.6 Benchmarking studies

The selected sub-sectors (mobile operating and payment system, e-commerce (retail marketplace), digital advertising services and online travel agencies) are based on two considerations, aimed at identifying areas with the highest likelihood for anti-competitive practices:

¹ CMA (2021). Competition and data protection in digital markets: a joint statement between the CMA and the ICO, page 13. <https://ico.org.uk/media/about-the-ico/documents/2619797/cma-ico-public-statement-20210518.pdf>

2.6.1 Alignment with other digital economy studies

Table 3: Key published studies on the digital economy by competition commissions of selected economies:

Study	Focus areas	Relevant sub-sector
Final Report Regarding Digital Advertising (2021) by Japan Fair Trade Commission ²	<ul style="list-style-type: none"> • Examination of the digital advertising market practices, focusing on how digital platforms interact with advertisers, publishers, and consumers • Identification of potential abuses of dominant positions under the Antimonopoly Act. 	Digital advertising
Market Study Report on Mobile OS and Mobile App Distribution (2023) by Japan Fair Trade Commission ³	<ul style="list-style-type: none"> • Analysis on the dominance of Apple and Google, highlighting concerns over high fees, self-preferencing, and limited competition. 	Mobile OS
Market study on e-commerce in India (2020) by Competition Commission of India ⁴	<ul style="list-style-type: none"> • Analysis of the e-commerce sector, with focus on identifying competition impediments such as lack of platform neutrality, unfair 	E-commerce

² JFTC (2025). Press releases. <https://www.jftc.go.jp/en/>

³ JFTC (2025). Press releases. <https://www.jftc.go.jp/en/>

⁴ CCI (2025). Market studies and research. <https://www.cci.gov.in/economics-research/market-studies/details/18/6>

Study	Focus areas	Relevant sub-sector
	contracts, exclusive arrangements, and deep discounting.	
Mobile ecosystems market study final report (2022) by United Kingdom's (UK) Competition and Markets Authority ⁵	<ul style="list-style-type: none"> Examination of how Apple's and Google's dominance over mobile OS, app stores, and web browsers affects competition and consumer outcomes. 	Mobile OS
Online Travel Booking Sector (2019) by Singapore's Competition & Consumer Commission ⁶	<ul style="list-style-type: none"> Examination of competition and consumer protection issues in the online travel booking industry, identifying practices such as drip pricing, pre-ticked boxes, and misleading claim. 	OTA
E-commerce Platforms (2020) by Singapore's Competition & Consumer Commission ⁷	<ul style="list-style-type: none"> Examination of competition and consumer protection issues in Singapore's multi-sided e-commerce platforms. 	E-commerce

⁵ GOV.UK (2025). Competition and markets authority. <https://www.gov.uk/government/organisations/competition-and-markets-authority>

⁶ CCCS (2025). Market studies. <https://www.cccs.gov.sg/resources/publications/market-studies/>

⁷ CCCS (2025). Market studies. <https://www.cccs.gov.sg/resources/publications/market-studies/>

Study	Focus areas	Relevant sub-sector
Digital Platforms Services Inquiry 2020-25 (2025) by Australian Competition & Consumer Commission ⁸	<ul style="list-style-type: none"> Examination of the competitive and consumer impacts of digital platform services, including internet search engines, social media, online messaging, app marketplaces, digital advertising, and data practices. 	Digital platform
Market study on the distribution of hotel accommodation in the EU (2020) by the European Commission ⁹	<ul style="list-style-type: none"> Examination of distribution practices among hotels, OTAs, and price comparison sites. 	OTA

Source: JFTC, CCI, Gov.UK, CCCS, ACCC and European Union

Table 4: Other relevant published studies on the digital economy by competition commissions of selected economies:

Country	Year	Study	Focus area
Japan ¹⁰	2019	Report regarding trade practices on digital platforms (Business-to-Business transactions on online retail platform and app store)	E-commerce, Mobile OS
	2021	The Study Group on Competition Policy in Digital Markets Released the Report on Algorithms/AI and Competition Policy	General digital economy

⁸ ACCC (2025). Publications. <https://www.accc.gov.au>

⁹ EU (2025). Competition Policy. https://competition-policy.ec.europa.eu/index_en

¹⁰ JFTC (2025). Press releases. <https://www.jftc.go.jp/en/>

Country	Year	Study	Focus area
		Report of the Study Group on Competition Policy for Data Markets	Data
	2022	Report Regarding Cloud Services	Cloud services
	2023	Report on the Follow-up Survey on Fintech-based Services	Fintech
United Kingdom ¹¹	2019	Assessment of merger control decisions in digital markets	General digital economy
	2020	Centre for Data Ethics and Innovation (CDEI) Review of online targeting	
	2021	2021 Compendium of approaches to improving competition in digital markets	
	2022	CMA consumer research into purchasing behaviour in the UK smartphone market	Mobile OS
		Online Choice Architecture: How digital design can harm competition and consumers	General digital economy
		2022 Compendium of approaches to improving competition in digital markets	
		Music and streaming market study	Music & streaming
	2023	2023 Compendium of approaches to improving competition in digital markets	General digital economy
		Frontier AI: capabilities and risks	
		Trends in Digital Markets: a CMA horizon scanning report	
	2024	International Scientific Report on the Safety of Advanced AI	

¹¹ GOV.UK (2025). Competition and markets authority.
<https://www.gov.uk/government/organisations/competition-and-markets-authority>

Country	Year	Study	Focus area
Germany ¹²	2019	Algorithms and Competition	
	2021	Digital Markets Act: Perspectives in (inter)national competition law	
	2022	Merger control in the digital age	
United States ¹³	2020	A Brief Primer on the Economics of Targeted Advertising	Digital advertising
		Social Media Bots and Advertising: FTC Report to Congress	
	2022	Combatting Online Harms Through Innovation	General digital economy
	2023	Protecting Kids from Stealth Advertising in Digital Media: A FTC Staff Perspective	Digital advertising
		Generative Artificial Intelligence and the Creative Economy Staff Report: Perspectives and Takeaways	General digital economy
	2024	A Look Behind the Screens: Examining the Data Practices of Social Media and Video Streaming Services	Data
		Tech Summit on Artificial Intelligence: Consumer Facing Applications	General digital economy
Australia ¹⁴	2021	Digital Advertising Services Inquiry	Digital advertising
European Union ¹⁵	2019	Competition issues in the area of Financial Technology (FinTech)	Financial technology
		Competition policy for the digital era	Digital economy regulation

¹² Bundeskartellamt (2025). Publication. & Markets Authority. https://www.bundeskartellamt.de/EN/Home/home_node.html

¹³ FTC (2025). Reports. <https://www.ftc.gov/>

¹⁴ ACCC (2025). Publications. <https://www.accc.gov.au>

¹⁵ EU (2025). Competition Policy. https://competition-policy.ec.europa.eu/index_en

Country	Year	Study	Focus area
	2020	Opportunities of artificial intelligence	Artificial intelligence
	2021	Digital Markets Act in the making	Digital economy regulation
		The Digital Services Act and the Digital Markets Act	
		The EU digital markets act	
	2022	Merger review in digital and technology markets	General digital economy
		Digital Services Act & Digital Markets Act	Digital economy regulation
		Merger enforcement in digital and tech markets	

Source: European Union, JFTC, Gov.UK, Bundeskartellamt, FTC, ACCC, EU

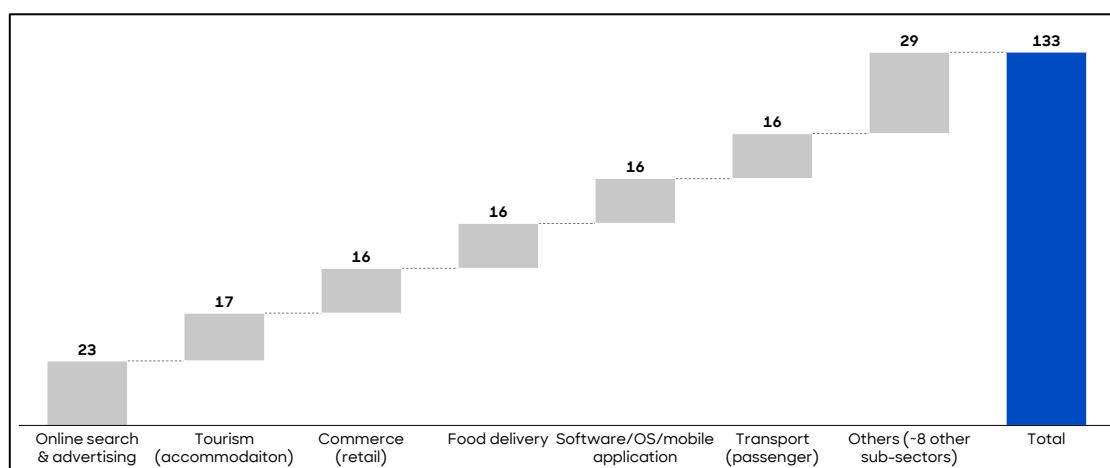
Studies published by various competition authorities in key economies since 2019 - including the Japan Fair Trade Commission (JFTC), Competition Commission of India (CCI), Competition and Markets Authority (CMA - UK), Federal Cartel Office (FCO - Germany), and Federal Trade Commission (FTC - U.S.), Competition and Consumer Commission of Singapore (CCCS), Australian Competition & Consumer Commission (ACCC) and European Commission (EC) - indicated the four sub-sectors of this study as focus. Below are the emphasis of the studies:

- Comprehensive analysis of the sub-sectors (e.g., Mobile OS, E-commerce, Digital advertising, OTA, Data Privacy and Protection);
- Examination of consumer behaviour, market practices, and supply chain developments;
- Discussion of global issues related to competition, market dynamics, and regulatory frameworks;
- Analysis of data utilisation by market players and interventions by competition authorities, and

- Consideration of any other pertinent matters that could further enhance this market review.

2.6.2 Alignment with key digital economy anti-competition cases

Figure 1: Anti-competitive cases by sub-sectors in the digital economy sector worldwide, 2006-2022 [# of cases]¹⁶



Source: World Bank

The selected sub-sectors are also based on the volume of anti-competitive cases observed globally. According to the World Bank Group's Global Markets Competition and Technology Digital Antitrust Database, from 2006 to 2022, the top sub-sectors with the most anti-competition cases were primarily related to online search and advertising, tourism (accommodation), e-commerce, food delivery, software/OS/mobile applications and transport.

Recent notable cases include the abuse of dominance ruling against Yandex in Russia for self-preferencing its own products in online search results¹⁷, Japan's antitrust case against Booking.com over price parity

¹⁶ World Bank Group (2025). The Global Markets Competition and Technology Digital Antitrust Database. <https://dataviz.worldbank.org/views/Global-Digital-Antitrust-Database/Overview?%3Aembed=y&%3AisGuestRedirectFromVizportal=y>

¹⁷ Global Competition Review (2021). Russia probes Yandex over self-preferencing concerns. <https://globalcompetitionreview.com/article/russia-probes-yandex-over-self-preferencing-concerns>

clauses in hotel contracts¹⁸, South Korea's investigation of Naver for self-preferencing its own online shopping site¹⁹, and China's case against Alibaba for exclusive dealing practices²⁰.

Food delivery and transport sub-sectors are excluded from this market review as MyCC has previously undertaken initiatives on food delivery and conducted a market review on transportation in 2021. Further details on these prior undertakings and reviews conducted can be found on MyCC's [website](#).

2.7 Limitation of the study

- The conclusions, analysis, and recommendations in this report are derived from both primary and secondary sources. While effort has been made to ensure the completeness and accuracy of the information, it is important to note that the information may be influenced by the respondents' knowledge or willingness to disclose details, as well as potential unintentional errors or gaps from the publishers.
- This market review will consist of confidential and non-confidential versions. The non-confidential report will only utilise publicly available information, and any data involving numbers will be aggregated. Any confidential information shared by both private and publicly listed companies²¹ is considered sensitive and competitive in nature. Such information will be exclusively retained for MyCC's internal use to

¹⁸ Lexology (2023). Spotlight: restrictive agreements and dominance in Japan. <https://www.lexology.com/library/detail.aspx?g=ed6bc6bc-a67c-4287-97f0-187c3215394d>

¹⁹ KFTC (2020). KFTC imposes corrective measures on Naver for favoring its own real-estate search, shopping, and video services over competitors. <https://www.ftc.go.kr/eng/downloadBbsFile.do?atchmnfNo=17327>

²⁰ SAMR (2021). The State Administration for Market Regulation issued the administrative penalty decision and administrative guidance letter in the monopoly case of Alibaba Group Holding Limited in the online retail platform services market within China. https://www.samr.gov.cn/cms_files/filemanager/samr/www/samrnew/fldes/tzgg/xzcf/202204/t20220424_341930.html

²¹ Unless the information is disclosed in the companies' public documents (e.g., annual reports).

protect the data provided by key stakeholders while allowing the MyCC to conduct a comprehensive and thorough analysis.

- Additionally, given that data availability for certain sub-sectors varies depending on the level of confidentiality of the data retrieved from market participants, the coverage in the sections of market structure and supply chain, and key players and level of competition may vary across sub-sectors.
- This study is aimed at understanding the current state of the market, including prevalent practices, issues, and potential concerns related to competition, market structure, and regulation. Given the continuously changing nature of these sub-sectors, it is challenging to comprehensively identify every issue along the supply chain.
- The report's highlighted issues are based on observations and inputs gathered through primary and secondary research. Since much of the information required to substantiate these findings is sensitive - often requiring access and disclosure of internal company documents and transparency from the companies involved - a more thorough examination (if required) is thus necessary in order to validate any claims of anti-competitive behaviour.

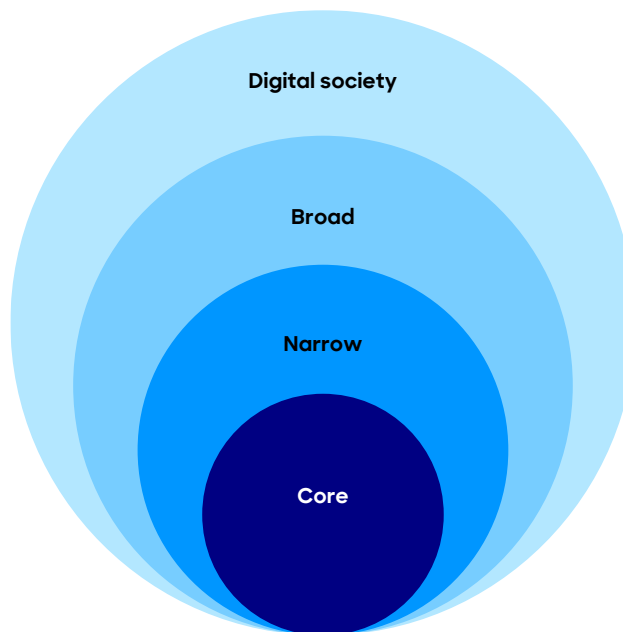
Despite these limitations and the acknowledgment of the dynamic nature of the market, the MyCC remains resolutely committed to further developing the study through continuous, rigorous, and thorough analysis. This aligns with the initial objective of conducting a comprehensive study and assures stakeholders of the MyCC's unwavering competence in market oversight.

3. Overview of digital economy

3.1 Digital economy in a global context

Digital economy refers to a broad spectrum of activities that are primarily driven by the use of digitised technologies. A crucial sector within an economy, the digital economy plays a key role in transforming industries, enhancing productivity, and driving economic growth. By adopting digital technologies such as artificial intelligence (AI), cloud computing, and big data analytics, businesses can streamline operations, lower costs, and develop new products and services. The digital economy also facilitates global trade and expands access to services, especially in emerging markets. Additionally, it supports job creation, skill development, and enhances global competitiveness.

Figure 2: Layers of the digital economy



Source: OECD

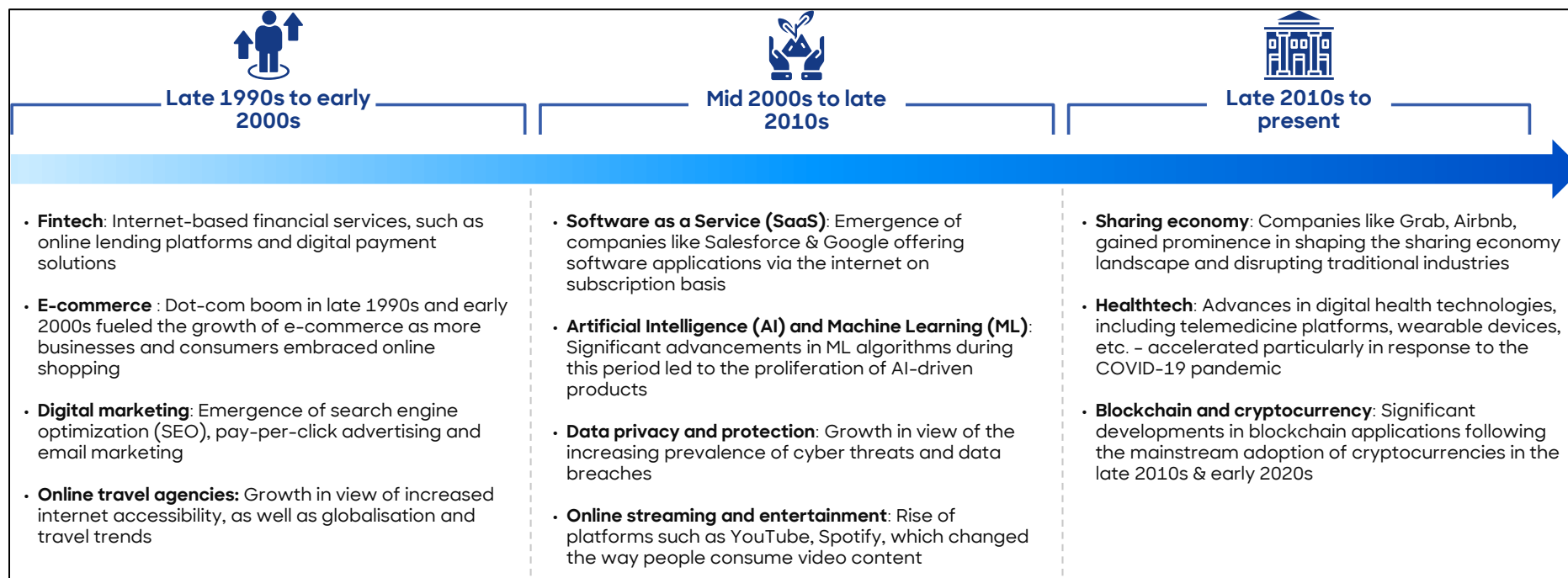
According to the Supporting the Digital Transformation of Higher Education in Hungary, published by the Organisation for Economic Co-

operation and Development (OECD), the digital economy is divided into four key layers²²:

- (a) **Core measurement:** Includes all economic activities linked to the production of Information and Communication Technology (ICT) goods and digital services.
- (b) **Narrow measurement:** Expands on the core measurement by encompassing businesses that rely entirely on digital technologies and data to operate. These organisations do not directly produce ICT goods or services, but their operations are heavily dependent on them.
- (c) **Broad measurement:** Further extends to include all sectors where digital technologies and data significantly enhance the production processes, even if they do not rely on them exclusively.
- (d) **Digital Society:** Refers to the non-commercial use of digital activities by individuals in a society, involving activities like social media interaction, personal data use, and digital communication that are not conducted for profit but influence social dynamics and everyday life.

²² OECD (2021). Supporting the digital transformation of higher education in Hungary. https://www.oecd.org/en/publications/supporting-the-digital-transformation-of-higher-education-in-hungary_d30ab43f-en.html

Figure 3: Key digital economy industries from 1990s to present



Source: Secondary research and MyCC analysis

The digital economy is an ever-evolving sector, constantly adapting and expanding in response to technological advances and shifting societal needs. The rise of the digital economy began in the early 1980s with the creation of the internet, which initially offered basic online services like email and internet access. Early platforms such as Compuserve²³ and Prodigy²⁴ provided basic digital communication but were not widely accessible. A significant turning point came in the early 1990s with the advent of the World Wide Web²⁵, which made it easier for individuals to share content online, sparking a surge in website creation and digital resources.

As internet usage increased, the “dot-com boom” ushered in a new era for key industries. This period saw the rise of e-commerce, with major players like Amazon and Alibaba emerging, alongside the growth of financial technology (fintech) as online payment solutions (e.g., Paypal in 1998) became essential. Digital marketing (e.g., Yahoo! in 1994, Google in 1998) also gained traction as businesses sought to reach consumers online. Furthermore, online travel agencies (e.g., Priceline in 1997, Expedia in 1996) transformed the travel industry by making bookings more accessible²⁶.

This period culminated in the dot-com (stock market) bubble in the year 2000, which resulted in the failure of many companies, including but not limited to Pets.com (pet supply), Webvan.com (grocery delivery) and eToys (toys)²⁷. Despite this, the boom laid the groundwork for future advancements in the digital economy and at the same time, also led to the increase in regulation and scrutiny of the industry.

²³ Wired (2009). Sept. 24, 1979: First online service for consumers debuts. <https://www.wired.com/2009/09/0924compuserve-launches/>

²⁴ The Atlantic (2014). Where online services go when they die. <https://www.theatlantic.com/technology/archive/2014/07/where-online-services-go-when-they-die/374099/>

²⁵ CERN (2025). A short history of the web. <https://home.cern/science/computing/birth-web/short-history-web>

²⁶ Medium (2023). A journey through time: looking back at the dot com bubble and early internet companies. <https://medium.com/@sikanderfraz72/a-journey-through-time-looking-back-at-the-dot-com-bubble-and-early-internet-companies-c937d5d1cba2>; Skift (2025). The definitive oral history of online travel. <https://skift.com/history-of-online-travel/>

²⁷ CNN Money (2010). 10 big dot.com flops. https://money.cnn.com/galleries/2010/technology/1003/gallery.dot_com_busts/2.html

The mid-2000s to late 2010s marked another transformative phase in the digital economy. Software as a Service (SaaS) became increasingly popular, enabling businesses to access applications via cloud. This era also witnessed the rise of artificial intelligence (AI) and machine learning (ML), which allowed companies to harness big data for personalised customer experiences. With this, the importance of data privacy and protection grew, leading to regulatory developments. Additionally, online streaming and entertainment services gained prominence, changing how consumers accessed media.

From the late 2010s to the present, the sharing economy has taken centre stage, driven by the proliferation of smartphones and mobile applications. Platforms like Airbnb and Grab connected users directly, enabling individuals to monetise underutilised assets such as spare rooms and vehicles. Healthcare technology also emerged as a key industry, focusing on telehealth and digital health solutions. Meanwhile, blockchain technology and cryptocurrencies gained traction, introducing new paradigms in finance and data security.

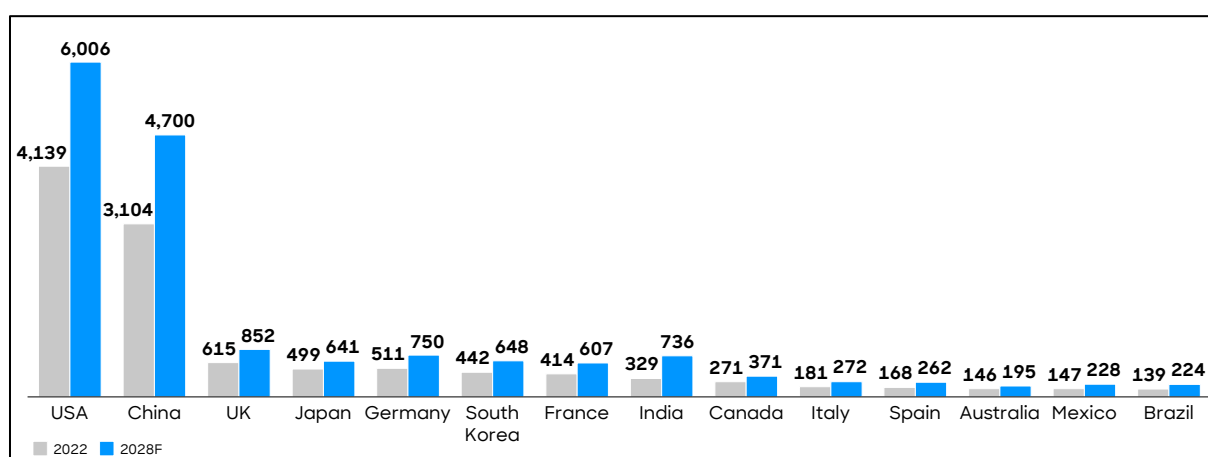
Today, the digital economy is characterised by ongoing digital transformation across various sectors, enhancing efficiency and customer engagement. The Coronavirus Disease (COVID)-19 pandemic further accelerated the adoption of remote work and digital collaboration tools, reshaping workplace dynamics. However, as the digital economy continues to grow, concerns around two aspects, data privacy and data protection, are also becoming more prominent. This is especially the case, considering growing cybersecurity, data breach, and monopolistic practice issues in the digital economy, all of which leads to increased regulatory scrutiny, signalling a new chapter in the evolution of the digital landscape.

3.2 Size of the global digital economy

As of 2022, the global digital economy was valued at USD 11.1 trillion, with an anticipated annual growth rate of 10.4%. By 2028, this figure is projected to reach approximately USD 16.5 trillion²⁸.

Technology spending plays a central role in the digital economies of many countries. South Korea, for example, stands out for its significant spending on research and development (R&D), with a strong focus on areas such as AI, semiconductors, Fifth Generation (5G) and Sixth Generation (6G) networks, quantum computing, the metaverse, and cybersecurity.

Figure 4: Selected key economies projected digital economy growth, 2022 & 2028F [USD billion]



Source: Forrester Research

In contrast, countries such as India and Mexico's digital economies are primarily driven by exports of ICT products and services. India, for example, contributed USD 257 billion to the global digital economy in 2023²⁹, representing 4.4% of the world's total exports of digitally delivered services. Meanwhile, Mexico, is the largest exporter of technology-related products

²⁸ Forrester (2024). The global digital economy will reach \$16.5 trillion and capture 17% of global GDP by 2028. <https://www.forrester.com/blogs/the-global-digital-economy-will-reach-16-5-trillion-and-capture-17-of-global-gdp-by-2028/>

²⁹ International Trade Administration (2023). Mexico - country commercial guide. <https://www.trade.gov/country-commercial-guides/mexico-advanced-manufacturing>

and services in Latin America, with key exports including satellites, computers, and automation-focused robotics³⁰.

3.3 Leaders in the digital economy

The United States (U.S.) and China lead the expansion of the global digital economy, together accounting for roughly two-thirds of the sector.

The U.S. digital economy's strength lies primarily in digitally delivered services, which comprised about a quarter of its total exports in 2022. Telecommunications, computer services and software licensing are key contributors. These services not only boost the country's economic output but also solidify its position as a technological innovator.

Overall tech dominance also resides in the U.S., where it is home to the world's largest tech companies by market capitalisation, such as Microsoft, Apple, NVIDIA, Alphabet, etc.

China, as the second-largest digital economy, has made significant strides, especially in 5G infrastructure. Between 2022 to September 2024, it built a network of four million 5G base stations, up from one million in 2022³¹. This rapid expansion has led to a substantial increase in 5G mobile subscribers, reaching 966 million by September 2024. Additionally, China dominates digital payments, with apps like WeChat Pay and Alipay integrated into daily life and business.

Furthermore, the country's intelligent manufacturing equipment industry is valued at over USD 450 billion and continues to innovate to maintain its position as the world's top manufacturer³². It has more than 420 national-

³⁰ WTO (2024). Global trade outlook and statistics. https://www.wto.org/english/res_e/publications_e/trade_outlook24_e.htm

³¹ State Council of the People's Republic of China (2024). China home to 4 million 5G base stations. https://english.www.gov.cn/archive/statistics/202409/25/content_WS66f40117c6d0868f4e8eb416.html

³² World Bank Group (2025). Manufacturing, value added (current US\$). <https://data.worldbank.org/indicator/NV.IND.MANF.CD>

level demonstration factories, with AI and digital twins being applied in more than 90% of the factories³³.

According to the China Academy of Information and Communications Technology, to-date, the digital economy in the country is estimated to represent 41.5% of the country's GDP³⁴.

3.4 Trends impacting the development of digital economy

3.4.1 Digital economy as a flashpoint for geopolitics

Beyond its obvious economic impact, the digital economy is emerging as a key geopolitical tool, with many countries leveraging it to gain strategic advantages. For example, in March 2025 in India, the government decided to scrap its 6% tax on online services, including digital advertising, in an effort to ease trade tensions with the United States. Introduced in 2016, the tax targeted cross-border digital advertising transactions by non-resident platforms that earned revenue from Indian advertisers, even without a physical presence in the country³⁵.

Meanwhile, the EU in April 2025 fined Apple and Meta for a combined value of EUR 700 m for violations of digital market rules. This is despite warnings from the U.S. government about potential retaliation against any fines imposed on American firms³⁶.

However, the most significant flashpoint in this evolving digital landscape is the competition between the U.S. and China. As the two largest digital

³³ The State Council of the People's Republic of China (2024). Digital economy expands in scale, demonstrating enormous potential. https://english.www.gov.cn/archive/statistics/202405/26/content_WS6653223bc6d0868f4e8e77a9.html

³⁴ The State Council of The People's Republic of China (2023). Digital sector roadmap to aid recovery. https://english.www.gov.cn/news/202312/09/content_WS6573d73dc6d0868f4e8e204a.html

³⁵ Reuters (2025). India to scrap digital ad tax, easing US concerns. <https://www.reuters.com/world/india/india-proposes-remove-equalisation-levy-digital-services-government-source-says-2025-03-25/>

³⁶ Fox Business (2025). EU hands Apple, Meta massive fines despite warnings from Trump. <https://www.foxbusiness.com/media/eu-hands-apple-meta-massive-fines-despite-warnings-from-trump>

economies, their rivalry has significant implications for global power dynamics and international relations.

At the heart of the competition between the two countries lies the bifurcation of the global digital ecosystem and the push for technology dominance. Each nation has developed its own technological infrastructure and set of dominant players. On the U.S. side, companies such as Google, Meta, and Apple lead the way in software, services, and platforms. Similarly, China's ecosystem is dominated by tech giants like Alibaba, Tencent, Baidu, and Huawei. This division has led to a growing fragmentation of global technology markets, with competing standards in areas such as 5G networks, cloud computing, and digital applications.

For example, in the telecommunications sector, 5G infrastructure in the U.S. is largely built by companies like Verizon and AT&T and partners such as Nokia and Ericsson, while Huawei and Zhongxing Telecommunication Equipment (ZTE) control the Chinese market. Similarly, popular global platforms such as TikTok, which originated in China, face potential bans or heavy scrutiny in multiple countries due to national security concerns. This rivalry has contributed to the emergence of two distinct digital spheres, with varying levels of access to platforms, apps, and services depending on geographical region.

Data security and privacy concerns have further exacerbated these tensions. The U.S. government has cited potential threats posed by Chinese tech firms (e.g., TikTok, China Mobile) to national security^{37,38}. This has led to increased scrutiny and restrictions on Chinese applications and platforms.

Such rivalry has significant implications for Malaysia, as both countries are major investors in the nation. This is particularly the case in ICT manufacturing, where Malaysia has emerged as one of the key destinations for many global companies' (e.g., Micron, Intel) China Plus One

³⁷ CNN Business (2023). Lawmakers say Tiktok is a national threat, but evidence remains unclear. <https://www.cnn.com/2023/03/21/tech/tiktok-national-security-concerns/index.html>

³⁸ Reuters (2024). Exclusive: US probing China telecom, China mobile over internet, cloud risks. <https://www.reuters.com/business/media-telecom/us-probing-china-telecom-china-mobile-over-internet-cloud-risks-2024-06-25/>

(C+1) strategy, where they seek to diversify its supply chains in one or more additional countries. Additionally, many international tech companies have or planned to set up data centres in the country, including but not limited to NVIDIA, AirTrunk, GDS Holdings, Princeton Digital Group (PDG)³⁹ and ByteDance⁴⁰.

However, Malaysia's position in the digital economy is dominated by global technological superpowers (the U.S. and China), which requires a careful balancing act. Its close economic ties with China, especially under initiatives like the Belt and Road Initiative (BRI), have opened the door for collaboration on various digital-related projects, including the "Digital Twin Cities⁴¹" (2024: collaboration between China's Lingang New Area and Malaysia's Cyberjaya in areas such as data economy, cross-border data flows), Digital Free Trade Zone⁴² (2017: establishment of a logistics centre for global marketplaces) and City Brain initiative⁴³ (2018: Kuala Lumpur became the first city outside of China to adopt AliCloud's system, allowing real-time data collection and integration of traffic and emergency data from traffic cameras and other sources).

Separately, Malaysia's dependence on the U.S. for technological imports and investment in sectors like cloud computing (commitment by Amazon to invest MYR 29.2 billion to establish Amazon WebServices Asia Pacific⁴⁴),

³⁹ Channel News Asia (2024). Johor's data centres getting a boost from the Singapore factor; water, power remain bottlenecks. <https://www.channelnewsasia.com/asia/malaysia-johor-data-centres-nvidia-ytl-kulai-sedenak-sez-us-china-trade-war-4310496>

⁴⁰ Data Centre Dynamics (2024). TikTok owner ByteDance to expand Malaysia data center footprint in \$2.1bn AI deal. <https://www.datacenterdynamics.com/en/news/tiktok-owner-bytedance-to-expand-malaysia-data-center-footprint-in-21bn-ai-deal/>

⁴¹ China (Shanghai) Pilot Free Trade Zone, Lin-Gang Special Area (2024). Lin-gang special area, Malaysia sign Mou to build 'digital twin cities'. <https://www.lingang.gov.cn/html/website/lg/English/News1630758253379031042/Updates/c1810961039432421377.html>

⁴² The Straits Times (2017). Malaysia and Alibaba launch regional logistics hub. <https://www.straitstimes.com/asia/se-asia/alibaba-launches-electronic-trading-hub-in-malaysia>

⁴³ Alibaba Cloud (2018). Alibaba Cloud launches Malaysia City Brain to enhance city management. https://www.alibabacloud.com/en/press-room/alibaba-cloud-launches-malaysia-city-brain-to-enhance-city-management?_p_lc=1

⁴⁴ Amazon (2024). AWS launches Malaysia's first cloud infrastructure region. <https://www.aboutamazon.sg/news/aws/aws-launches-malysias-first-cloud-infrastructure-region>

software and enterprise and cybersecurity solutions, underscores the country's delicate positioning in the wider tech geopolitical competition.

3.4.2 Emphasis on data

Data is increasingly recognised as a critical driver of economic growth and innovation, particularly within the digital economy. The ability to collect, analyse, and leverage vast amounts of data enables organisations to make more informed decisions, improve efficiency, and develop new products and services that meet the evolving needs of consumers. In advanced areas like AI and ML, data is being harnessed across to learn, adapt, and make predictive analyses.

In view of this, many countries are implementing policies to leverage data for economic development and influence in the global digital economy. A prime example is China, where in 2020, it formally recognised data as the fifth factor of production, alongside land, labour, capital, and technology⁴⁵. This showcases a shift in how China views data not just as a resource, but as an essential component of its economic future. Separately, United Arab Emirates (UAE) “Dubai Data” is an example of an initiative by the local government aimed at creating a seamless sharing of data citywide to enable the powering of smart cities, resolving business problems and improving residents’ quality of life⁴⁶.

With data becoming a critical economic resource, many countries are focusing on data sovereignty which is the concept of regulating data within national borders. Governments are increasingly concerned with controlling their citizens' data and preventing foreign entities from accessing it. For instance, the European Union (EU) has established a comprehensive data protection framework through the General Data Protection Regulation (GDPR), enacted in 2018. It sets strict guidelines on how personal data, especially from EU citizens, can be collected, processed, and stored. It requires companies to obtain consent before collecting data, mandates transparency in data usage, and gives

⁴⁵ Stanford University, DigiChina (2022). China wants to put data to work as an economic resource - but how? <https://digichina.stanford.edu/work/china-wants-to-put-data-to-work-as-an-economic-resource-but-how/>

⁴⁶ Digital Dubai (2025). Initiatives. <https://www.digitaldubai.ae>

individuals the right to access or delete their data. While focused on privacy, the GDPR reflects the EU's approach to controlling data generated within its borders⁴⁷. In China, the Cybersecurity Law (2017) requires that data generated in China be stored domestically and restricts the transfer of sensitive data abroad⁴⁸. This regulation ensures that China can manage the data produced within its borders and prevent foreign access to certain types of data.

3.4.3 Digitalisation in government, business and consumers

The growing digitalisation of governments, businesses, and consumers is a key driver of the global digital economy, contributing to increased efficiency, new economic opportunities, and broader market access.

Many governments worldwide are increasingly adopting digital technologies to improve public services, enhance administrative efficiency, and drive economic development. In 2023, Gartner, a technology research company, estimated worldwide government Information Technology (IT) spending would reach USD 589.8 billion, with a growth of 7.6% from 2022. Majority of the spending lies in Information Technology (IT) services (35.5%) and software (31.2%)⁴⁹, with the aim to ensure more effective public services can be delivered.

Digitalisation has become a standard practice for many businesses. According to the International Data Corporation (IDC), global spending on digital transformation across business processes, products, and organisations is projected to reach USD 2.8 trillion by 2025, more than double the amount spent in 2020. In addition to investments in operational digital transformation, customer experience in consumer-oriented sectors

⁴⁷ EU (2016). Regulation (EU) 2016/679 of the European parliament and of the council. <https://eur-lex.europa.eu/eli/reg/2016/679/oj>

⁴⁸ In Country (2024). China's digital data sovereignty laws and regulations. <https://incountry.com/blog/chinas-digital-data-sovereignty-laws-and-regulations/>

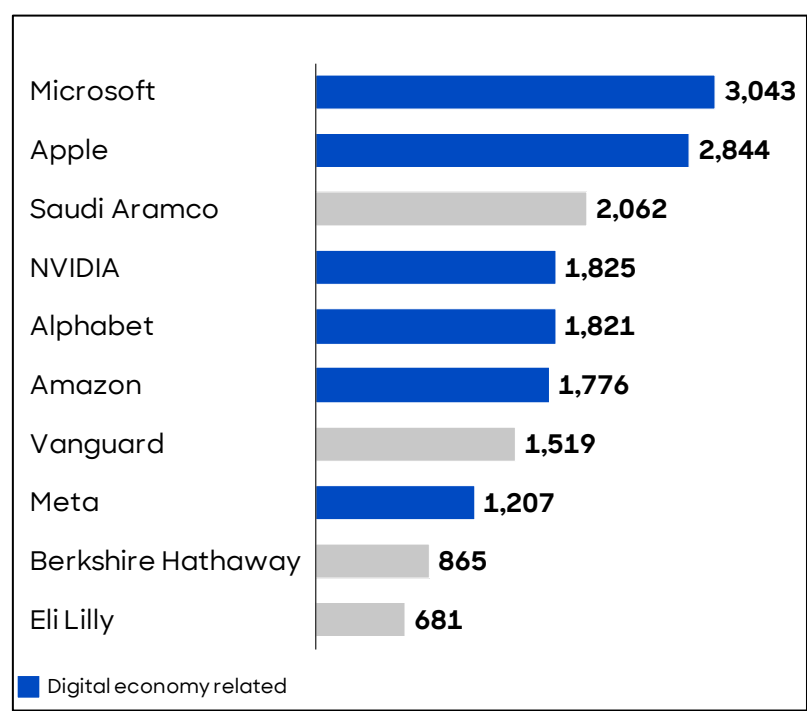
⁴⁹ Gartner (2023). Gartner forecasts worldwide government IT spending to grow 8% in 2023. <https://www.gartner.com/en/newsroom/press-releases/2023-05-24-gartner-forecasts-worldwide-government-it-spending-to-grow-8-percent-in-2023>

such as securities and investment services, banking, and retail are attracting significant investments⁵⁰.

Consumers are also driving the growth of the digital economy. Greater access to the internet and mobile devices has fuelled a rise in online shopping, digital banking, and on-demand services. According to the World Bank, 67.4% of the global population were internet users in 2023, nearly double the 35.4% recorded in 2013⁵¹. This widespread internet adoption has created a more connected consumer base, increasing demand for digital services across various industries.

3.5 Digital economy and competition

Figure 5: Companies with the largest market capitalisation in the world, as of February 2024 [USD billion]



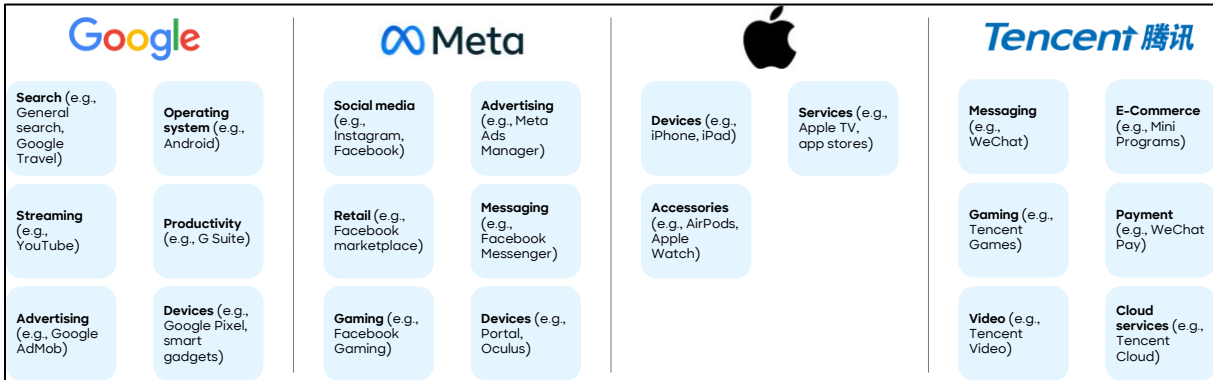
Source: Capital IQ and MyCC analysis

⁵⁰ Business Wire (2021). New IDC spending guide shows continued growth for digital transformation in 2020 as organizations focus on strategic priorities. <https://www.businesswire.com/news/home/20211109006138/en/New-IDC-Spending-Guide-Shows-Continued-Growth-for-Digital-Transformation-in-2020-as-Organizations-Focus-on-Strategic-Priorities>

⁵¹ World Bank Group (2025). World development indicators. <https://datatopics.worldbank.org/world-development-indicators/>

The digital economy has given rise to numerous companies that now dominate selected industries across the world. Companies like Amazon, Apple, Microsoft, Alphabet (Google), Meta and Alibaba, to name a few, have emerged as leaders in the sector, with their influence extending beyond traditional market boundaries. As of early 2024, many players in digital economy-related industries dominate as the world's largest companies⁵².

Figure 6: Selected digital economy players' involvement in different digital economy sub-sectors



Source: Secondary research and MyCC analysis

Many of the major players in the digital economy have expanded their operations across multiple sub-sectors by leveraging their core technological strengths and vast data capabilities. For instance, Alphabet Inc. (Google), originally a search engine company, has leveraged its ability to process and analyse mass amounts of data to diversify into areas such as Google Ads, allowing them to deliver targeted ads based on user interests and search history. Additionally, its core strength helps build a foundation for branching into online travel. Through Google Hotel Ads, it utilised its search capabilities to aggregate data from travel providers and display it in a user-friendly format. This effectively turned Google into a metasearch engine for the travel industry, allowing users to compare prices, explore options, and make bookings⁵³.

⁵² Data extracted from Capital IQ as of February 2024.
⁵³ Google (2025). From the garage to the Googleplex. <https://about.google/our-story/>

For Meta, it began as a social media platform with Facebook in 2004, with a core strength in connecting people and sharing content. The platform's rise was driven by its ability to capture vast amounts of data on user behaviour, interests, and interactions. Utilising these data provided Meta with the insights to offer targeted advertising, turning Facebook into a digital advertising player. Its acquisition of Instagram in 2012 and WhatsApp in 2014 further expanded its reach and user base, allowing Meta to strengthen its social media and messaging capabilities⁵⁴.

Apple's emphasis on seamless integration of hardware and software as its core has been central to its expansion into new areas. For instance, iOS, the mobile OS, powers Apple's iPhones and iPads. It also capitalised on its OS integration by creating the App Store in 2008 by providing a controlled marketplace for apps, allowing app developers to reach its users while also generating revenue from app sales and IAP⁵⁵.

Tencent started in 1998 as a simple messaging platform called QQ in China. However, it quickly evolved into a vast digital ecosystem spanning multiple sectors, including social media, gaming, fintech, cloud computing, and AI. In particular, drawing on its messaging expertise, Tencent developed WeChat, an all-in-one app that enabled it to expand into diverse areas such as fintech (WeChat Wallet and WeChat Pay), e-commerce (Mini Programs), and entertainment (Tencent Games), among others⁵⁶.

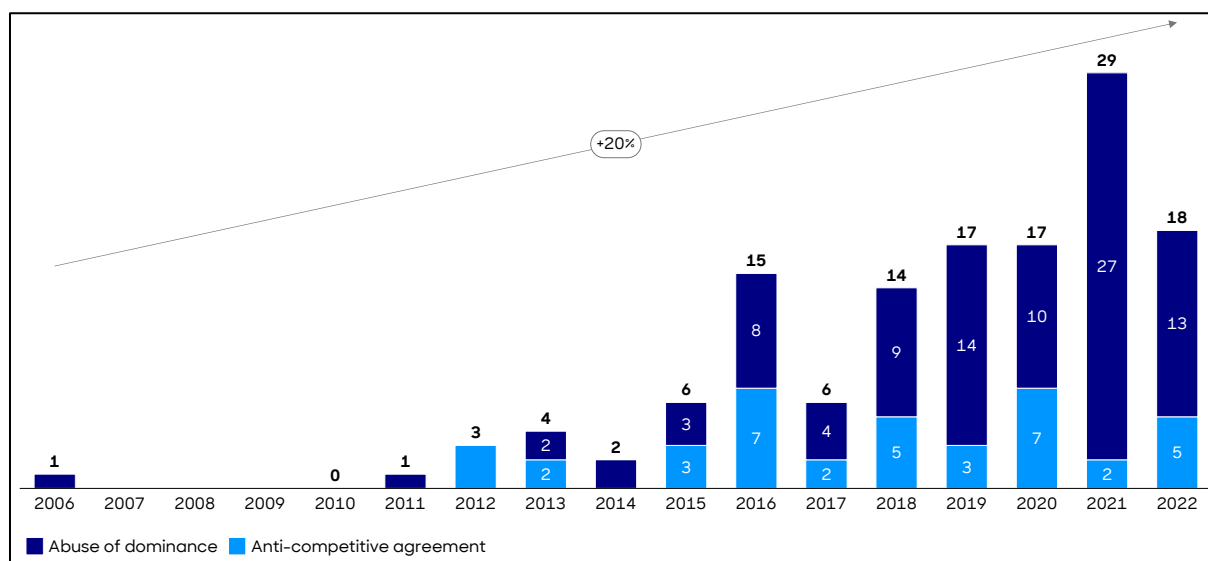
As the digital economy continues to expand, concerns regarding anti-competitive practices, data privacy, and data protection are becoming increasingly prominent. The rapid growth of major tech players and digital platforms has raised alarms about the impact of their market dominance and business practices on competition and consumer rights.

⁵⁴ Meta (2025). Company information. <https://about.meta.com/company-info/>

⁵⁵ PBS News (2023). A timeline of Apple's most influential product announcements. <https://www.pbs.org/newshour/science/a-timeline-of-apples-most-influential-product-announcements>

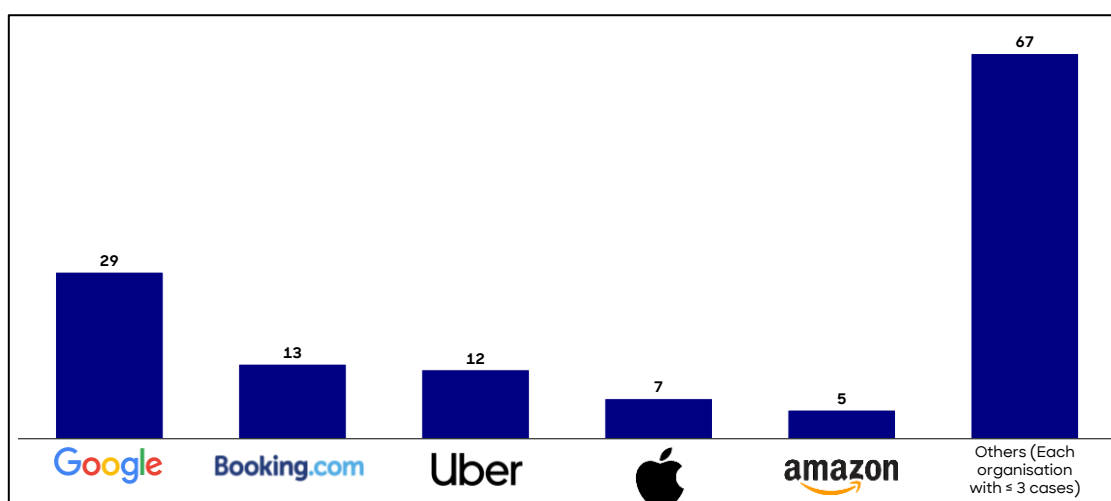
⁵⁶ Tencent (2025). About us. <https://www.tencent.com/en-us/about.html>

Figure 7: Anti-competitive cases by types of infringement in the digital economy sector worldwide, 2006-2022 [# of cases]⁵⁷



Source: World Bank

Figure 8: Anti-competitive cases by companies in the digital economy sector worldwide, 2006-2022 [# of cases]⁵⁸



Source: World Bank

⁵⁷ World Bank Group (2025). The Global Markets Competition and Technology Digital Antitrust Database (2006-2022). <https://dataviz.worldbank.org/views/Global-Digital-Antitrust-Database/Overview?%3Aembed=y&%3AisGuestRedirectFromVizportal=y>

⁵⁸ World Bank Group (2025). The Global Markets Competition and Technology Digital Antitrust Database (2006-2022). <https://dataviz.worldbank.org/views/Global-Digital-Antitrust-Database/Overview?%3Aembed=y&%3AisGuestRedirectFromVizportal=y>

Between 2006 and 2022, the number of anti-competitive cases experienced a compound annual growth rate (CAGR) of 20%. Notably, digital giants such as Google, Booking, Uber, Apple and Amazon account for a significant share of anti-competitive cases during this period.⁵⁹ This growing trend indicates a key concern: as the digital economy continues to evolve, the frequency of anti-competitive cases is likely to increase in the future.

With the expansion of digital platforms across various industries, it is expected that these practices could further disrupt competition, potentially harming consumers and smaller businesses.

Several high-profile cases underscored the rise of anti-competitive conduct within the digital economy:

⁵⁹ World Bank Group (2025). The Global Markets Competition and Technology Digital Antitrust Database (2006-2022). <https://dataviz.worldbank.org/views/Global-Digital-Antitrust-Database/Overview?%3Aembed=y&%3AisGuestRedirectFromVizportal=y>

Table 5: Selected⁶⁰ global anti-competitive cases related to the digital economy:

Year	Parties	Type of conduct	Case details
2012	U.S. Department of Justice (DOJ) and Apple with various publishers	Anti-competitive agreement (vertical restraints)	<p>The U.S. DOJ charged Apple and five major book publishers Hachette, HarperCollins, Simon & Schuster, Macmillan, and Penguin Group over a conspiracy to fix e-book prices. Before Apple entered the e-book market, publishers used wholesale contracts, letting retailers like Amazon set steeply discounted prices, which publishers feared undermined their business model. In response, Apple and the publishers allegedly shifted to agency agreements, giving publishers control over retail pricing and limiting retailers' ability to discounts, thereby raising e-book prices across the market. Apple also negotiated a deal taking a 30% commission on e-book sales and included a "Most Favoured Nation" (MFN) clause to ensure that no other retailer could offer lower prices than Apple.</p> <p>In 2016, the U.S. Supreme Court declined to review an appeals court decision affirming that Apple conspired with five major publishers to fix e-book prices. This decision made final the lower court rulings that Apple orchestrated a price-fixing conspiracy, which led to higher e-book prices for consumers. As a result, Apple agreed to pay USD 400 million to e-book purchasers, bringing the total recovery for</p>

⁶⁰ Selected based on the size of the fine.

Year	Parties	Type of conduct	Case details
			consumers to USD 565 million when combined with settlements from the publishers ⁶¹ .
2013	EC and Microsoft	Abuse of dominance (illegal tying)	<p>The EC imposed a EUR 561 million fine on Microsoft for failing to comply with its commitment to provide Window users with a browser choice screen. The EC had initially raised concerns over Microsoft's practice of tying Internet Explorer to the Windows operating system, which was installed on the majority of PCs worldwide, effectively giving Internet Explorer an unfair distribution advantage. Despite undertaking in 2009 to display a screen offering alternatives such as Google Chrome and Mozilla Firefox until 2014, Microsoft omitted it between May 2011 and July 2012, allegedly affecting up to 15 million EU users.</p> <p>The EC viewed this oversight as a serious infringement of competition law because it perpetuated Microsoft's dominant position in the browser market, depriving consumers of a straightforward method to select alternative browsers and thereby limiting genuine market competition⁶².</p>

⁶¹ Archives, US Department of Justice (2016). Supreme Court rejects Apple's request to review E-books antitrust conspiracy findings. <https://www.justice.gov/archives/opa/pr/supreme-court-rejects-apples-request-review-e-books-antitrust-conspiracy-findings>

⁶² The Guardian (2013). Microsoft fined €561m for browser choice' error. <https://www.theguardian.com/technology/2013/mar/06/microsoft-fined-browser-error#:~:text=Microsoft%20has%20been%20fined%20%E2%82%AC,it%20had%20made%20in%202009.>

Year	Parties	Type of conduct	Case details
2018	EC and Google (Android)	Abuse of dominance (illegal tying)	The EC fined Google EUR 4.34 billion for abusing its dominant position in the mobile operating system market. Google required Android device manufacturers to pre-install its search engine and Chrome browser to access the Google Play Store. Additionally, Google prevented manufacturers from selling devices with alternative versions of Android and offered financial incentives to pre-install only Google's search service. These practices violated EU antitrust laws, as they limited consumer choice and hindered competition. In 2022, the General Court largely upheld this decision, slightly reducing the fine to EUR 4.12 billion ⁶³ .
2020	Autorité de la concurrence / French competition authority (FCA) and Google	Abuse of dominance (self-preferencing, unfair trading conditions)	FCA fined Google up to EUR 500 million for failing to comply with several injunctions issued in April 2020 regarding its obligations under the law on related rights for press publishers and agencies. Specifically, the authority found that Google's negotiations with publishers and agencies were not conducted in good faith, as Google insisted on including a new service, Publisher Curated News, in the negotiations, effectively preventing discussions on the remuneration for existing content usage.

⁶³ Court of Justice of The European Union (2022). The general court largely confirms the Commission's decision that Google imposed unlawful restrictions on manufacturers of Android mobile devices and mobile network operators in order to consolidate the dominant position of its search engine. <https://curia.europa.eu/jcms/upload/docs/application/pdf/2022-09/cp220147en.pdf>

Year	Parties	Type of conduct	Case details
			Additionally, Google limited the scope of the negotiations by excluding certain content, such as press agency photos, and did not provide the information needed for fair negotiations. By restricting meaningful discussion of compensation and narrowing the scope of talks, Google's approach ultimately undermined competition and reinforced its dominant market position ⁶⁴ .
2021	Autorità Garante della Concorrenza e del Mercato (AGCM) or Italian Competition Authority (ICA) and Amazon	Abuse of dominance (self-preferencing)	ICA imposed a fine of EUR 1.13 billion on Amazon for abusing its dominant market position for intermediation services on marketplaces. The ICA concluded that Amazon tied key benefits, such as the Prime label and access to major shopping events, exclusively to its Fulfillment by Amazon (FBA), thereby pressuring third-party sellers to adopt its logistics services. This practice restricted competition by disadvantaging competing logistics operators, who could not offer comparable visibility or sales benefits, and discouraged sellers from listing on other marketplaces ⁶⁵ .

Source: Secondary research

⁶⁴ FCA (2021). Remuneration of related rights for press publishers and agencies: the Autorité fines Google up to 500 million euros for non-compliance with several injunctions. <https://www.autoritedelaconurrence.fr/en/communiqués-de-presse/remuneration-related-rights-press-publishers-and-agencies-autorite-fines>

⁶⁵ ICA (2021). Amazon, press release, case no. A528, 9 December 2021. <https://en.agcm.it/en/mediaépress-releases/2021/12/A528>

As observed in the above cases, anti-competitive practices typically revolve around tying and exclusivity (e.g., EC and Google, ICA and Amazon, EC and Microsoft), abuse of dominance (EC and Google, DOJ and Apple with various publishers), and lack of transparency (FCA and Google) – all of which hinder competition by limiting consumer choice, raising barriers to entry, and entrenching the market power of dominant platform. Despite the harm caused by these practices, regulatory authorities face various challenges in effectively enforcing competition laws. Primary obstacles include:

- (a) Global operations of large technology companies:** The EC’s case against Google for Android restrictions underscores the challenges of regulating multinational companies. Google operates globally, and its practices, such as requiring Android device manufacturers to pre-install its search and browser apps, have had an impact on markets around the world, including regions outside the EU. The global nature of its business means that, even though EU regulators imposed a penalty, ensuring compliance across all markets where Google operates remains a complex task. In particular, jurisdictions with less developed regulatory frameworks may face difficulties addressing these practices in the same way, potentially allowing such practices to continue and affecting global competitive conditions.
- (b) Complexity of digital markets:** Many digital platforms operate with complex, opaque and multi-sided business models, making it difficult for regulators to identify and assess anti-competitive behaviour. For example, in the case of the FCA against Google, the web of interconnected services (Search, News, and Discover) and convoluted data flows adds another layer of complexity in determining market boundaries, outcomes and practices. This presents a challenge for regulators in numerous ways including in determine the precise values for digital products and services or in ensuring that any remuneration or conditions imposed by the platform are fair and do not distort competition.
- (c) Uncertainty of harm and consumer benefit:** Digital platforms typically emphasise that their practices benefit consumers

through low prices, innovation, and improved services. However, regulators face challenges in proving that these short-term benefits are outweighed by long-term anti-competitive effects, such as reduced innovation, monopolistic behaviour, or consumer exploitation through data. In the case of the EC's decision against Microsoft, the company defended its actions by pointing to its provision of free internet browsing to consumers. However, the long-term impact appeared to be a lack of competition in the browser market, where Internet Explorer's dominance may have hindered innovation and limited consumer choice, potentially slowing the development of better alternatives.

To address these challenges, various new regulatory frameworks have been introduced. For example, the Digital Markets Act (DMA) in the EU aims to regulate dominant companies in digital markets, ensuring that they operate fairly and do not limit competition through practices such as self-preferencing or restrictive clauses. Similarly, the Digital Services Act (DSA) focuses on increasing transparency and accountability for digital platforms, particularly concerning user content and advertising practices, thus reducing the risk of platforms leveraging their market power in ways that distort competition.

In addition to these regulations, data protection laws such as the GDPR in Europe and similar frameworks in other regions aim to limit how companies can use consumer data to maintain a competitive edge. By granting consumers with greater control over their personal information, these regulations help curb anti-competitive practices driven by data exploitation, such as exclusive access to vast datasets that can further entrench a dominant position.

4. Digital economy in Malaysia

4.1 Definition of digital economy in Malaysia

The digital economy has traditionally been defined as a business and/or government driven sector. According to the OECD, the sector "incorporates all economic activity reliant on, or significantly enhanced by the use of digital inputs, including digital technologies, digital infrastructure, digital services and data⁶⁶".

In Malaysia, the definition of the digital economy is broader. According to the Malaysia Digital Economy Blueprint (MDEB), the sector encompasses "economic and social activities that involve the production and use of digital technology by individuals, businesses and the government.⁶⁷" The definition ensures all parties' interests/activities (including social) are covered and should be addressed in any related-future endeavours.

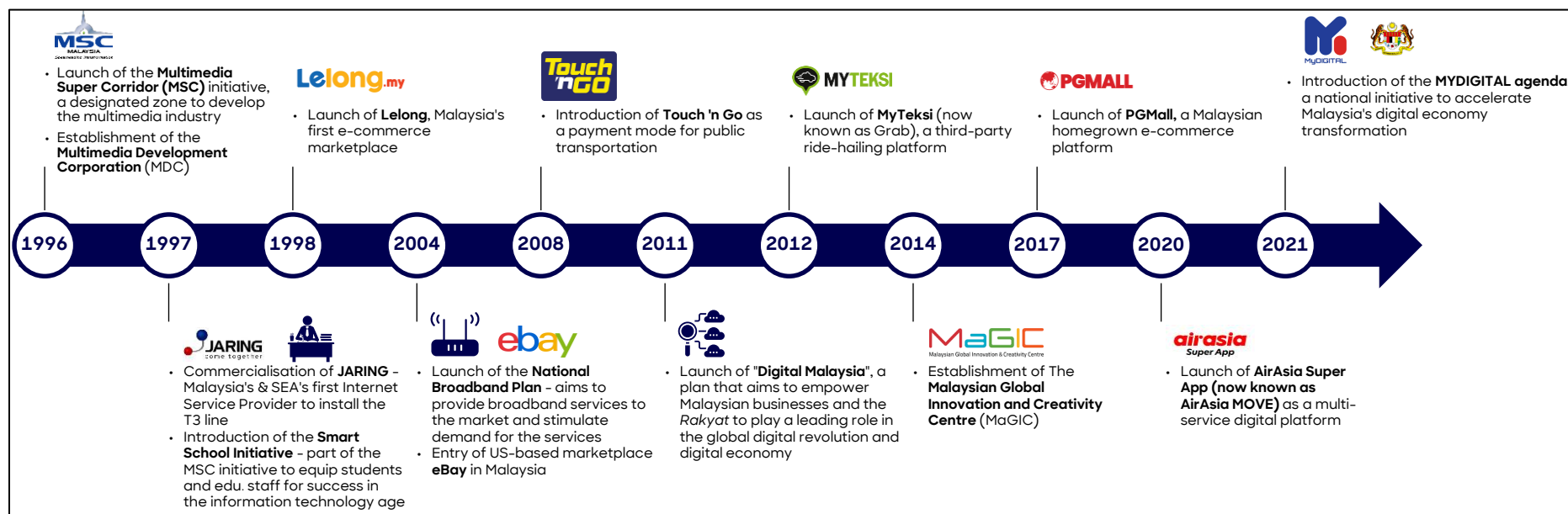
Furthermore, through the inclusion of social activities, it ensures a more comprehensive understanding of how digital technologies impact all aspects of life and can help support more informed decision-making.

⁶⁶ OECD (2021). Digital supply-use tables: A step toward making digital transformation more visible in economic statistics, page 8. https://goingdigital.oecd.org/data/notes/No8_ToolkitNote_DigitalSUTs.pdf

⁶⁷ Ministry of Economy (2025). Malaysia digital economy blueprint. <https://www.ekonomi.gov.my/sites/default/files/2021-02/malaysia-digital-economy-blueprint.pdf>

4.2 Development of digital economy in Malaysia

Figure 9: Selected developments in Malaysia's digital economy sector⁶⁸



Source: Secondary research and MyCC analysis

⁶⁸ Secondary research, MyCC analysis.

Similar to global trends, Malaysia's digital economy journey began in the 1990s, with one of the key initiatives being the launch of the Multimedia Super Corridor (MSC) in 1996⁶⁹ which aimed to foster the development of the multimedia industry and attract investments in technology and digital services. This was subsequently followed by the establishment of Multimedia Development Corporation (MDC) (now known as the Malaysian Digital Economy Corporation - MDEC), which further supported the sector's growth. This era also saw the rise of first internet service providers (ISPs), such as Joint Advanced Research Integrated Networking (JARING), which helped increase internet access for businesses and consumers.

Recognising the significance of technology in education, the government introduced programmes such as the Smart School programme (MSSi). It was one of the seven flagship applications under the MSC, aimed to equip students and educators for the IT age, developing relevant curricula and teaching materials, as well as to foster a knowledge-based economy⁷⁰.

In the 2000s to 2010s, Malaysia made significant strides in its digital economy. The National Broadband Plan of 2004 was launched to enhance internet connectivity nationwide and facilitate broader access to online services. E-commerce platforms, including C2C sites like eBay and Lelong, began gaining traction, while digital payment solutions like Touch 'n Go laid the foundation for cashless transactions.

In 2011, the government introduced the Digital Malaysia initiative that set the stage for Malaysia's goal of becoming a developed digital economy by 2020.

During this period, key global players began to emerge and gain traction. YouTube, launched in 2005, became globally available and widely adopted in Malaysia. This was followed by Facebook in 2006, which transitioned from serving university students to becoming a global social media

⁶⁹ Lexology (2025). Multimedia Super Corridor (MSC) to Malaysia Digital (MD): A revamp of Malaysia's digital economy initiative. <https://www.lexology.com/library/detail.aspx?g=5cb38784-44d8-4f4c-ad96-631ce458630b>

⁷⁰ World Bank Education (2016). Building and sustaining national ICT/education agencies: lessons from Malaysia. <https://openknowledge.worldbank.org/server/api/core/bitstreams/7499a1ce-f135-5334-8c0c-d27071365544/content>

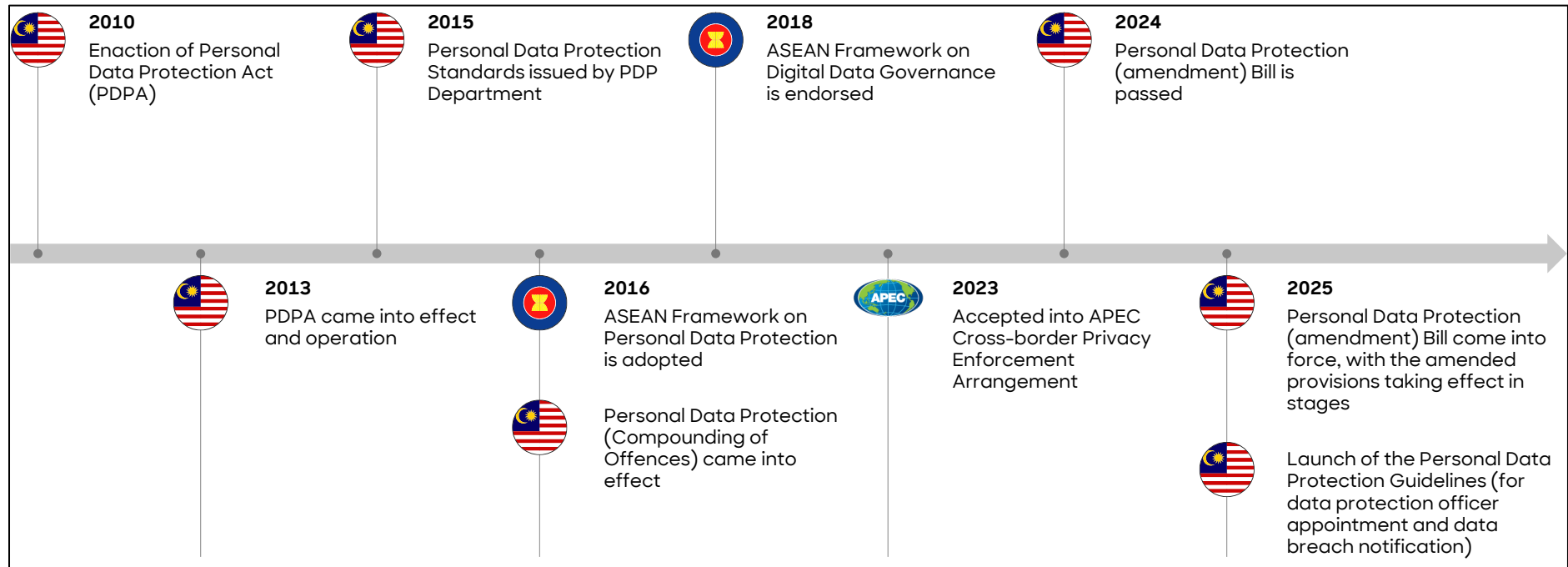
platform. Twitter (now known as “X”) was also launched in the same year. These platforms, along with earlier ones like Friendster and MySpace, shaped digital interaction in Malaysia. The newer platforms gained widespread popularity due to their user-friendly features, global connectivity, and localised content that resonated with Malaysia.

From the 2010s onwards, startups such as MyTeksi (now known as Grab) emerged, shaping the ride-hailing space. During this same period, PGMall was established as a homegrown e-commerce platform, marking Malaysia’s entry into the competitive B2C e-commerce marketplace. Most recently, in 2020, local airline AirAsia launched its Super App, shifting its focus from being an airline-centric company to expanding into broader digital services, such as accommodation, fintech, and gaming⁷¹.

At the same time, the government made various efforts to develop the digital economy sector. In 2014, it established the Malaysian Global Innovation & Creativity Centre (MaGIC), focusing on building a vibrant ecosystem for startups and the digital economy. In 2021, the agency then merged with Technology Park Malaysia Corporation (TPM) under Ministry of Science, Technology and Innovation (MOST)I, introducing a new agency called the Malaysian Research Accelerator for Technology and Innovation (MRANTI). In the same year, MyDIGITAL agenda was introduced and is overseen by MyDIGITAL Corporation, an agency under the Ministry of Digital.

⁷¹ Airasia (2020). Airasia.com is the Asean super app for everyone. <https://newsroom.airasia.com/news/2020/10/8/airasiacom-is-the-asean-super-app-for-everyone>

Figure 10: Timeline of Malaysia's development and participation in data privacy and protection



Source: Secondary research and MyCC analysis

As the digital economy expanded, concerns around protecting and ensuring the privacy of personal data grew. In response, Malaysia enacted the Personal Data Protection Act (PDPA) in 2010, which regulates the processing of personal data in commercial transactions. This regulation applies to any transaction of a commercial nature, even if the data controllers are not listed under the Personal Data Protection (Class of Data Users) Order 2013, which categorises specific types of data users such as banks, insurers, and telecommunication providers⁷². While such data controllers are not required to be registered, they must still adhere to the Act's principles. These include ensuring data is processed lawfully and with consent, informing individuals about the purpose of data collection, protecting data from unauthorised access and allowing individuals to access and control their personal data.

To further protect consumer and public rights, the Personal Data Protection Standard 2015 was introduced. This standard provides businesses with detailed guidelines to safeguard personal data from loss, misuse, unauthorised access, and other threats, regardless of whether the data is processed electronically or otherwise. Key provisions include secure data storage, limiting access to authorised personnel, and maintaining audit trails to ensure accountability⁷³.

By 2016, Malaysia, as part of the Association of Southeast Asian Nations (ASEAN), adopted the ASEAN Framework on Personal Data Protection 2016 to align its data protection laws and practices with regional standards⁷⁴. This framework sets strategic priorities for digital data governance and supports the growth of the ASEAN digital economy. In 2018, Malaysia endorsed the ASEAN Framework on Digital Data Governance⁷⁵, which provides principles and initiatives to help ASEAN

⁷² Personal Data Protection Commissioner (2025). Personal data protection order (class of data users). <https://www.pdp.gov.my/ppdpv1/en/akta/personal-data-protection-order-class-of-data-users/>

⁷³ Personal Data Protection Commissioner (2025). Personal data protection standard 2015. <https://www.pdp.gov.my/ppdpv1/en/akta/personal-data-protection-standard-2015/>

⁷⁴ Asean.org (2025). Framework on digital data governance. <https://asean.org/wp-content/uploads/2012/05/10-ASEAN-Framework-on-PDP.pdf>

⁷⁵ Asean.org (2025). Framework on digital data governance. https://asean.org/wp-content/uploads/2012/05/6B-ASEAN-Framework-on-Digital-Data-Governance_Endorsedv1.pdf

member states to enhance its data management, harmonise data regulations among the states and promote intra-ASEAN flows of data. The framework focuses on the key areas of data life cycle and ecosystem, cross-border data flows, digitalisation and emerging technologies, and legal, regulatory and policy frameworks. Furthermore in 2021, ASEAN (consisting of Malaysia) introduced the ASEAN Data Management Framework⁷⁶, a voluntary and non-binding detailed guidance for ASEAN businesses to adopt effective data management practices.

Recognising the opportunity of digitalisation and the challenges brought by the COVID-19 pandemic, Malaysia introduced the MyDIGITAL agenda in 2021 to accelerate its digital economy transformation. As part of this agenda, two key documents were introduced: the MDEB and the National 4IR Policy (N4IRP). These policies aim to position Malaysia as a technologically advanced economy by 2030, complementing the broader goals of the Shared Prosperity Vision 2030 (SPV 2030)⁷⁷. SPV 2030 seeks to ensure inclusive and sustainable economic growth while reducing income inequality among Malaysians.

In 2023, Malaysia joined the Asia-Pacific Economic Cooperation (APEC) Cross-Border Privacy Enforcement, demonstrating its commitment to international cooperation in protecting personal data. This move aligns with global efforts to create stronger data protection standards. Following this, the country took another significant step with the passing of the Personal Data Protection (Amendment) Bill in 2024. The bill introduces enhanced safeguards and more comprehensive provisions for personal data protection, focusing on areas such as the inclusion of biometric data, expanded legal obligations for data processors, increased penalties for non-compliance, the requirement to appoint a data protection officer, and mandatory data breach notifications, among others⁷⁸. The amended provisions will take effect in stages starting in 2025, allowing businesses

⁷⁶ Digital Policy Alert (2021). Asean: Adopted Asean data management framework. <https://digitalpolicyalert.org/event/7533-adopted-asean-data-management-framework>

⁷⁷ MyDigital (2022). MyDigital progress report 2021: building a dynamic digital economy by 2030. <https://www.mydigital.gov.my/mydigital-progress-report-2021-building-a-dynamic-digital-economy-by-2030/>

⁷⁸ Department of Personal Data Protection (2024). Personal Data Protection (Amendment) Act 2024. <https://www.pdp.gov.my/ppdpv1/wp-content/uploads/2024/11/Act-A1727.pdf>

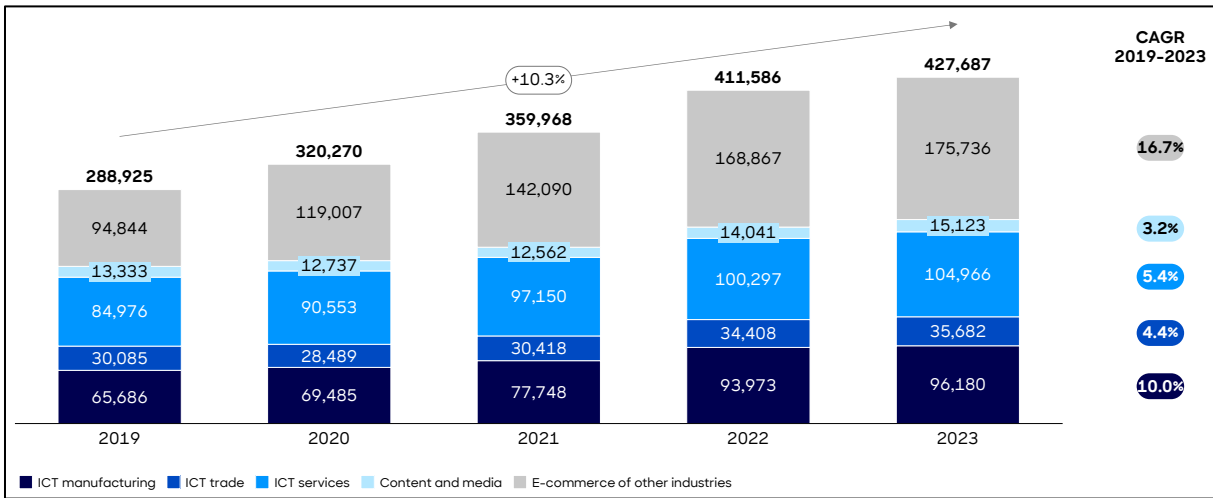
sufficient time to comply with the new requirements. Department of Personal Data Protection (PDP) subsequently in February 2025 released guidelines pertaining to data breach notification and protection officer appointment⁷⁹.

In line with global trends, Malaysia is also set to establish a Digital Trust and Data Safety Commission in the first half of 2025. This commission, spearheaded by the Ministry of Digital, aims to build a safe, secure, and trusted data ecosystem that promotes productive data flows across industries⁸⁰.

4.3 Performance in digital economy

4.3.1 Domestic performance

Figure 11: GDP contribution of Malaysia’s digital economy, 2019-2023 [MYR million]

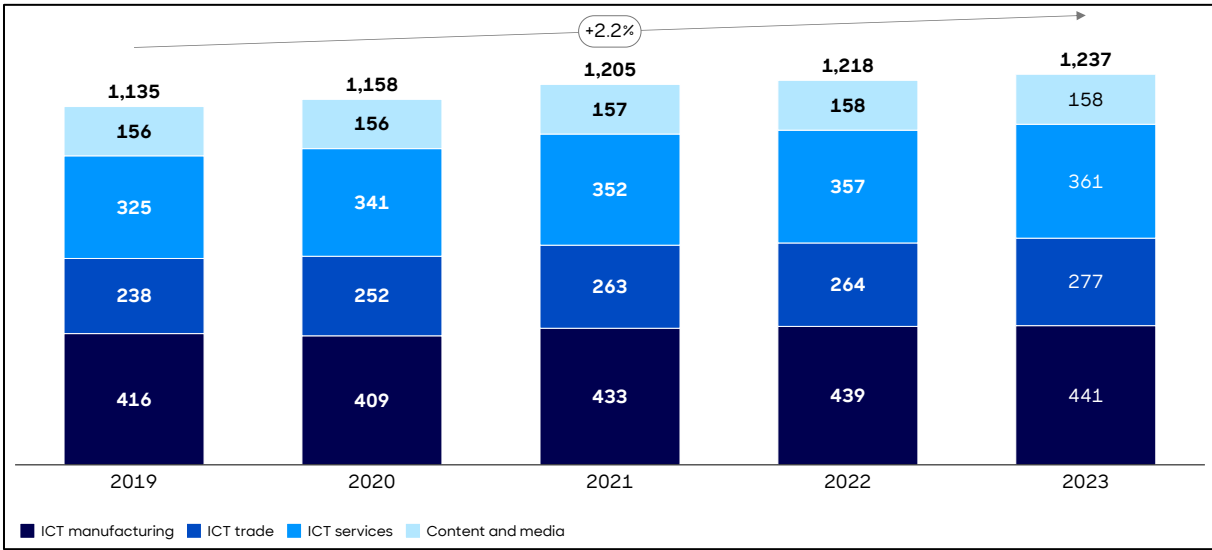


Source: DOSM

⁷⁹ JPDP (2024). Pekeliling pelantikan pegawai perlindungan data dan pemberitahuan pelanggaran data susulan pindaan Akta Perlindungan Data Peribadi 2010. <https://www.pdp.gov.my/ppdpv1/en/slaid-circular-on-the-appointment-of-data-protection-and-data-breach-notification-following-amendments-to-the-personal-data-protection-act-2010/>

⁸⁰ The Star (2024). Gobind: proposal to set up a digital trust and data safety commission in the first half of 2025. <https://www.thestar.com.my/business/business-news/2024/10/24/gobind-proposal-to-set-up-a-digital-trust-and-data-safety-commission-in-the-first-half-of-2025>

Figure 12: Employment in Malaysia’s ICT sector, 2019-2023 [‘000 persons]



Source: DOSM

The digital economy sector is a key driver of Malaysia’s economic growth. In 2023, the ICT and e-commerce sectors generated MYR 427.7 billion, accounting for 23.5% of the national GDP, up from 22.9% in 2022. Between 2019 and 2023, the sector experienced an average annual growth rate of 10.3%, surpassing the overall economy’s growth of 2.4% during the same period⁸¹. Employment in the sector also grew, reaching 1.2 million jobs in 2023, making up 7.8% of total employment⁸².

The e-commerce sub-sector has been particularly significant. Specifically in 2022, 78,236 establishments involved in e-commerce transactions, generating an income of MYR 1,126.9 billion. The domestic e-commerce market outperformed the international market, contributing MYR 1,003.5 billion. B2B transaction recorded the highest contribution (MYR 786.5 billion), followed by B2C transactions (MYR 312.6 billion) and B2G (MYR 27.8 billion). This growth is largely driven by the digital transformation of

⁸¹ DOSM (2024). Malaysia digital economy 2024, page 125. https://storage.dosm.gov.my/gdp/digitaleconomy_2023.pdf
⁸² DOSM (2024). Malaysia digital economy 2024, page 18. https://storage.dosm.gov.my/gdp/digitaleconomy_2023.pdf

businesses, as well as increasing preference for online shopping among Malaysian consumers⁸³.

Within the sub-sector, OTAs have contributed positively, where more Malaysians today turn to the internet for travel planning. Platforms such as AirAsia, Agoda, and Booking.com have gained popularity over the years, enabling them to easily compare prices and book flights, accommodations, and travel packages.

ICT services represent the second-largest sub-sector, contributing 24.5% to the overall digital economy in 2023. This sub-sector includes industries such as data management (data centres, data security, big data analytics), software and system design (application development, e-platforms) and creative and digital content (eSports, gaming, and animation).

One of the key industries is app development. With the increasing penetration of smartphones and mobile internet, apps have become essential tools for daily activities, from shopping and banking to healthcare and education. Recognising its importance, various government entities have launched specific programmes to support and nurture this sub-sector. For instance, MDEC's Digital Content Fund provides financial assistance to startups involved in digital content creation, including mobile apps.

Separately within ICT services, the government has prioritised data management as a core industry. From 2021 to 2023, investments totalling MYR 114.7 billion related to data centres and cloud services were approved, with contributions from global tech companies such as Amazon, GDS Holdings Ltd, Yeoh Tiong Lay (YTL) Corp Bhd, and ByteDance Ltd⁸⁴. Additionally, in May 2024, the Ministry of Investment, Trade & Industry (MITI) secured a commitment from Google to invest MYR 9.4 billion, which will

⁸³ DOSM (2024). Malaysia digital economy 2024, page 45. https://storage.dosm.gov.my/gdp/digitaleconomy_2023.pdf

⁸⁴ MIDA (2024). Data centres make up the bulk of RM144.7b in approved digital investments. <https://www.mida.gov.my/mida-news/data-centres-make-up-the-bulk-of-rm144-7b-in-approved-digital-investments/>

support the establishment of its first data centre and cloud region in Malaysia⁸⁵.

Following closely behind ICT services is ICT manufacturing, which contributed 22.5% to the total digital economy in 2023. Key industries in this sub-sector include components (e.g., semiconductors), electronic boards, communication equipment and consumer electronics. The government has placed particular emphasis on the semiconductor industry, aiming to attract MYR 500 billion in investment to advance its National Semiconductor Strategy. Several major players have already established operations in Malaysia, including US-based Intel, which plans to set up its first overseas facility for advanced Third Dimensional (3D) chip packaging and German-based Infineon, which unveiled the world's largest 200-millimetre silicon carbide (SiC) Power Fabrication facility in August 2024.

ICT trade follows, contributing 8.3% to the total digital economy. It includes ICT resale transactions among both wholesalers and retailers.

The smallest sub-sector within the digital economy is content and media, accounting for 3.5% of the total market. This includes industries such as motion picture, video, and television programme activities, along with online content and related services. The digital advertising services industry, which is highly relevant to this study, plays a vital role in fostering engagement and generating revenue for businesses within the digital landscape. The rapid growth of digital advertising is largely fuelled by increased engagement in various online activities, particularly social media and search platforms. At the same time, the industry is undergoing a rapid transformation, with emerging players like Retail Media Networks (RMNs)⁸⁶ gaining prominence⁸⁷. These networks, which include major platforms and apps such as Grab, Shopee, and others, have the potential to disrupt traditional digital advertising models. They leverage real-time consumer data and purchasing behaviour within their own retail ecosystems, enabling highly targeted and personalised advertising that drives conversions on their platforms.

⁸⁵ Bernama (2024). Malaysia approved RM114.7bln investments in data centres, cloud services from 2021 to 2023. <https://www.bernama.com/en/news.php?id=2306763>

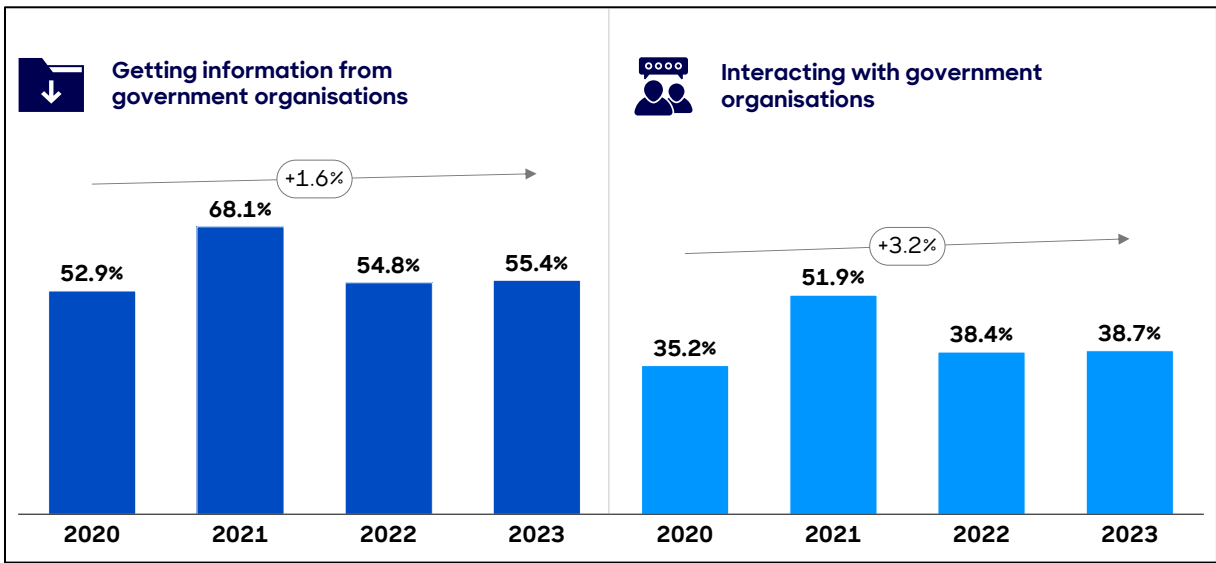
⁸⁶ Advertising technology (AdTech) platform owned and/or operated by a retailer

⁸⁷ The Edge (2024). Trends: the rising advertising superpower of super-apps. <https://theedgemalaysia.com/node/723900>

4.3.2 Digitalisation in government, businesses, and among citizens

According to the Department of Statistics Malaysia’s (DOSM) Malaysia Digital Economy 2024 report⁸⁸, there are varying levels of participation and activity among the government, business establishments, and citizens.

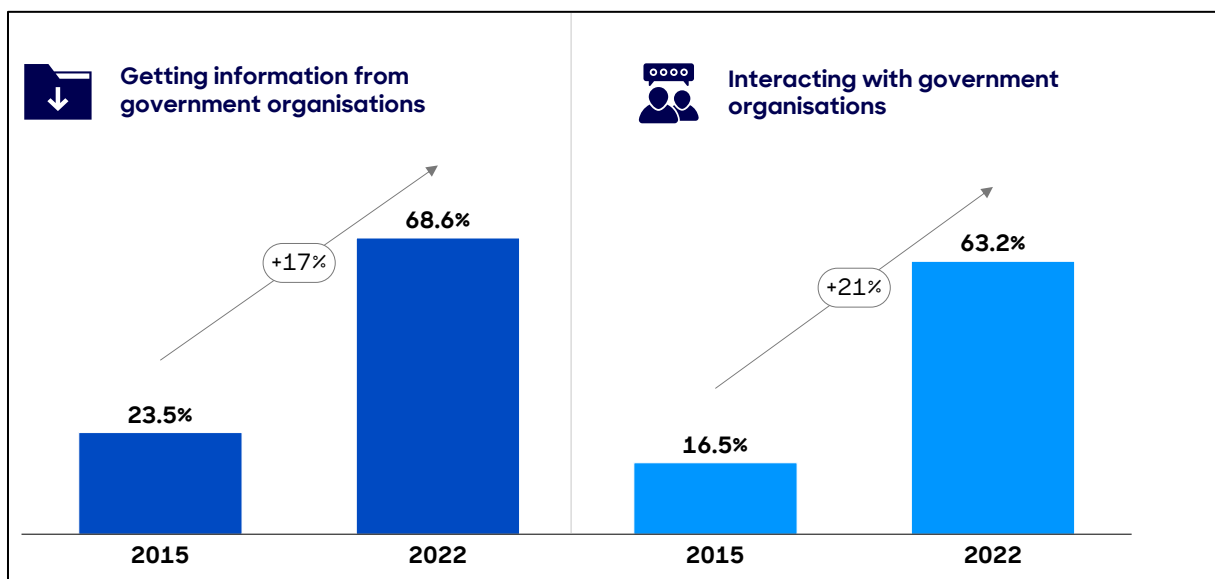
Figure 13: Purpose of internet usage by individuals, 2020-2023 [%]



Source: DOSM

⁸⁸ DOSM (2024). Malaysia digital economy 2024, page 80. https://storage.dosm.gov.my/gdp/digitaleconomy_2023.pdf

Figure 14: Purpose of internet usage by establishments, 2015 and 2022 [%]



Source: DOSM

From the government's perspective, the two most prominent activities involve the level of digital interaction that businesses and individuals have with government organisations. These activities are measured by both parties' use of ICT to (a) get information and (b) interact with government organisations.

Overall, there has been an increase in their reliance on ICT tools to engage with the government by both individuals and businesses. While activities peaked during the COVID-19 pandemic in 2021, continuous efforts by the government are expected to further enhance its digital engagement with both individuals and businesses.

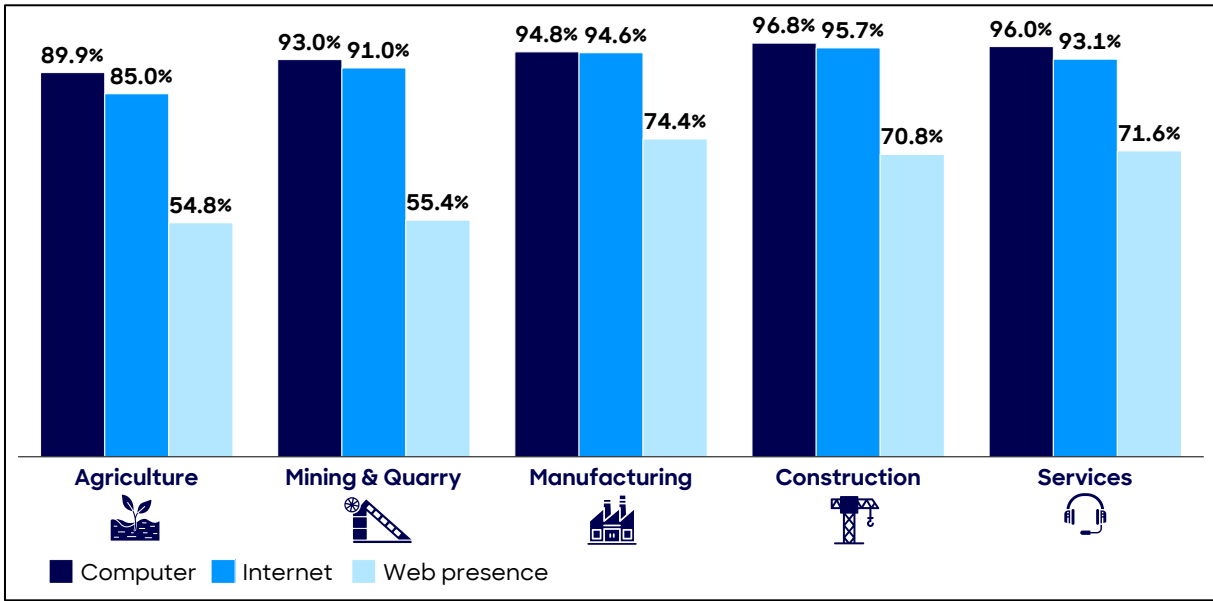
Various initiatives have driven the growth, starting with the 1996 "Electronic Government" initiative under the MSC Flagship Applications⁸⁹, aimed at optimising operational processes and improving government information delivery. This included projects such as E-Procurement, E-Syariah, and the Electronic Labour Exchange. More recently, the government and MDEC launched the Malaysia Digital initiative⁹⁰ to attract companies, talent, and investment, while enabling businesses and

⁸⁹ ePerolehan (2009). Overview. <https://eperolehan.com/en/about/overview2.html>

⁹⁰ MDEC (2022). Malaysia Digital. <https://mdec.my/malaysiadigital>

Malaysians to participate in the digital economy. Targeting nine key sectors, Digital Agriculture, Services, Cities, Health, Finance, Trade, Content, Tourism, and the Islamic Digital Economy, the initiative seeks to foster innovation, entrepreneurship, and investment.

Figure 15: Usage of computer, internet and web presence by various sector, 2022 [%]



Source: DOSM

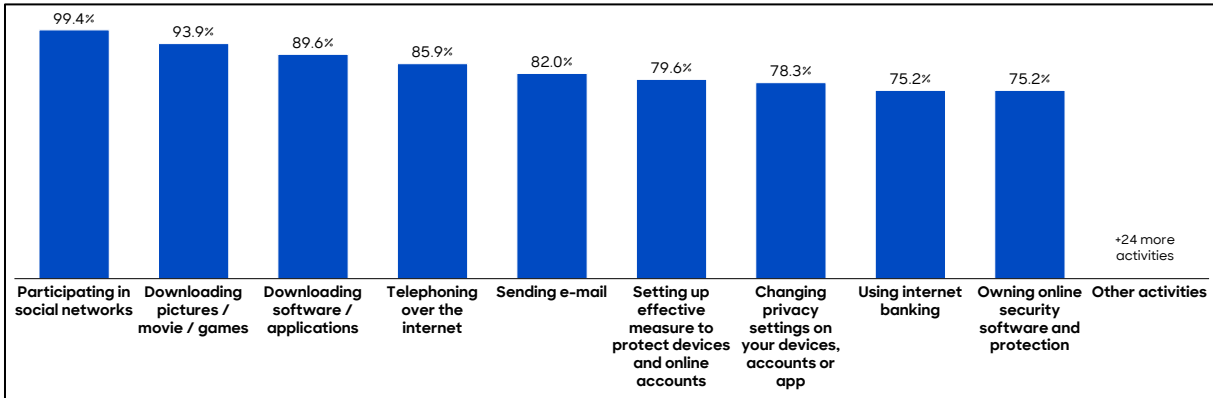
The usage of ICT by businesses and establishments, in terms of computers, internet, and web presence, varies across sectors. Construction leads in both computer and internet usage, while manufacturing leads in web presence. Overall, the average usage of computers and internet among Malaysian businesses is high, at approximately 95.9% and 93.3%, respectively. However, web presence remains lower, with about 71.4% of businesses having an online presence. The service sector, which includes most of the sub-sectors in this report, performs largely above the national average across all three ICT elements, with 96.0% for computer usage, 93.1% for internet usage, and 71.6% for web presence⁹¹.

⁹¹ DOSM (2024). Malaysia digital economy 2024, page 65. https://storage.dosm.gov.my/gdp/digitaleconomy_2023.pdf

Specifically, the adoption of e-commerce by businesses in Malaysia has grown significantly, particularly during the COVID-19 pandemic. According to MyCC’s Market Review under the Competition Act 2010 for the Service Sector in Malaysia, published in 2020⁹², the pandemic accelerated digital adoption for both consumers and industries. In particular, businesses have begun adopting digital platforms like Grab.

Businesses' digitalisation efforts are further supported by government initiatives, such as the National E-Commerce Strategic Roadmap (NESR 1.0), which aims to accelerate e-commerce adoption by enhancing areas such as last-mile delivery and online payment systems⁹³. With the global e-commerce market projected to reach USD 8.0 trillion by 2027⁹⁴, it is crucial for Malaysian businesses, particularly Small and Medium Enterprise (SMEs), to leverage digital platforms to expand their market reach and remain competitive.

Figure 16: Top 10 activities by Malaysian using internet, 2023 [%]



Source: DOSM

Separately, Malaysians have varying levels of participation rates amongst the different activities made available via the internet, which is a large part of how Malaysians today interact with the ICT sector. The primary activities

⁹² MyCC (2020). Market Review under the Competition Act 2010 for the Service Sector in Malaysia, page 81. <https://www.mycc.gov.my/market-review/final-report-market-review-for-service-sector>






⁹³ MITI (2016). Malaysia’s national eCommerce strategic roadmap, page 2. https://www.miti.gov.my/miti/resources/1._NeSR_Book_Final_.pdf

⁹⁴ EMarketer (2024). Worldwide retail ecommerce forecast 2024. <https://www.emarketer.com/content/worldwide-retail-ecommerce-forecast-2024>

that Malaysians perform using ICT tools is shown above, with the top five activities being communications-related and the highest being participating in social networks (e.g., Facebook, Whatsapp, Instagram, X, etc.) at ~99%. Emphasis on data privacy and protection is observed as the second core focus among Malaysians, with activities including setting up measures to protect devices, online accounts, and adjusting privacy settings⁹⁵.

4.3.3 International performance

Figure 17: Malaysia’s performance in Institute for Management Development’s (IMD) World Digital Competitiveness, 2024 [ranking]⁹⁶

Country		World Digital Competitiveness 2024 global ranking
Singapore		1
Malaysia		36
Thailand		37
Indonesia		43
Philippines		61

Source: IMD

Malaysia is ranked 36th out of 64 countries in the Swiss-based International Institute for Management Development (IMD)’s World Digital Competitiveness Ranking. Within ASEAN, it holds the second position behind Singapore, which ranks first globally⁹⁷.

⁹⁵ DOSM (2024). Malaysia digital economy 2024, page 234. https://storage.dosm.gov.my/gdp/digitaleconomy_2023.pdf







⁹⁶ Ranks the extent to which countries adopt and explore digital technologies.

⁹⁷ IMD (2024). Rankings out of 67 economies. https://www.imd.org/centers/world-digital-ranking/#_tab_List

However, the country’s ranking has been slipping over the years, dropping from a high of 26 in 2019 to 36 in 2024. According to the Malaysia Productivity Corporation (MPC), the challenges include embracing a digital-first mindset and enhancing digital technology across various sectors⁹⁸.

Published annually by the World Competitiveness Center (WCC), the ranking evaluates how prepared and capable economies are in adopting digital technologies for economic and social transformation. It assesses digital competitiveness through three main factors: knowledge, technology, and future readiness. The ranking relies on various in-country partners, including the MPC, to supply data from national sources and distribute survey questionnaires⁹⁹.

Figure 18: Malaysia’s performance in International Telecommunication Union’s (ITU) ICT Development Index, 2024 [%]¹⁰⁰

Country		ICT Development Index 2024 score (max. being 100%)
Singapore		97.8%
Brunei Darussalam		95.7%
Malaysia		95.0%
Thailand		91.0%
Vietnam		85.0%
Indonesia		82.8%

Source: ITU

⁹⁸ Malay Mail (2023). Malaysia falls to 33rd spot in world digital competitiveness ranking, trails Singapore. <https://www.malaymail.com/news/malaysia/2023/12/02/malaysia-falls-to-33rd-spot-in-world-digital-competitiveness-ranking-trails-singapore/105384>

⁹⁹ IMD (2025). Partner institutes. <https://www.imd.org/centers/wcc/world-competitiveness-center/partnerships/>

¹⁰⁰ Ranks the extent to which connectivity is universal and meaningful.

Despite these challenges, Malaysia has made significant progress in ICT development in recent years, with collaboration between the government and private sector driving investments in digital technology and infrastructure. In the 2024 ICT Development Index published by the International Telecommunication Union (ITU) ¹⁰¹, Malaysia scored 95%, surpassing the Asia Pacific average of 77.3% and the Upper Middle Income category's score of 79.1%.

One of the recent efforts contributed to the growth is the establishment of Digital Nasional Bhd (DNB), where it has accelerated the deployment of 5G infrastructure across Malaysia. As of 2024, Malaysia's 5G network has received global recognition for its quality and performance, earning various accolades, including:

- Ranked 1st globally for OOKLA 5G consistency score in 2023¹⁰².
- Winner of FutureNet World Global Award 2024 for automated operations Solution incorporating AI functionality¹⁰³.
- Malaysian Telco companies using DNB's 5G network continue to be the highest-ranked mobile operators globally for all categories in the Opensignal 5G Global Awards 2024¹⁰⁴.

As Malaysia continues to develop its digital infrastructure, it will not only improve its ranking in the IDI but also enhance overall competitiveness and readiness to adopt new digital technologies, positively impacting its IMD World Digital Competitiveness Ranking (as highlighted in the previous index). More importantly, it is projected to have a favourable effect on the economy. According to an Ernst & Young study commissioned by DNB, the

¹⁰¹ ITU Data Hub (2024). Malaysia ICT development index. <https://datahub.itu.int/dashboards/idi/?y=2024&e=MYS>







¹⁰² OOKLA (2024). 5G in Malaysia - single wholesale network driving regional leadership. <https://www.ookla.com/articles/malaysia-5g-swn-q4-2023>

¹⁰³ Ericsson (2024). DNB & Ericsson's AI intent-based operations solution wins third award, recognizing future-readiness of Malaysia's 5G network. <https://www.ericsson.com/en/press-releases/2/2024/10/dnb--ericssons-ai-intent-based-operations-solution-wins-third-award-recognizing-future-readiness-of-malaysias-5g-network>

¹⁰⁴ Opensignal (2024). 5G global mobile network experience awards 2024. <https://www.opensignal.com/2024/10/5g-global-mobile-network-experience-awards-2024>

widespread adoption of 5G enterprise use cases could boost Malaysia’s GDP by 5% (MYR 122 billion) by 2030¹⁰⁵.

Figure 19: Malaysia’s performance in Huawei’s Global Digitalisation Index ranking, 2024 [score]¹⁰⁶

Country		Huawei Global Digitalisation Index (GDI) 2024
Singapore		76.1
Malaysia		49.9
Thailand		47.2
Vietnam		36.7
Philippines		34.9
Indonesia		33.1

Source: Huawei

Separately, according to Huawei’s Global Digitalisation Index (GDI) 2024, which evaluates digital economic development, industry progress, and talent ecosystem readiness across 77 countries, Malaysia scored 49.9 ranking second highest in Southeast Asia and classified as an “Adopter”. This classification reflects Malaysia’s rapid progress in digital development, driven by widespread basic connectivity and supportive industry policies.







As an adopter, Malaysia focuses on expanding reliable connectivity, which is essential for digital services and the development of cloud, data centres, and storage. By strengthening its digital foundations, Malaysia is positioned

¹⁰⁵ Ernst & Young (2021). Estimating the economic impact of the single wholesale 5G network in Malaysia. <https://www.digital-nasional.com.my/themes/custom/dnb/pdf/estimating-the-economic-impact-of-the-single-wholesale-5G-network-in-malaysia.pdf>

¹⁰⁶ Huawei (2024). Global Digitalization Index (GDI) 2024. <https://www.huawei.com/en/gdi>

to foster economic growth and accelerate its digital transformation initiatives.

Figure 20: Malaysia’s performance in UN’s E-Government Index, 2024
[score]¹⁰⁷

Country		UN E-Government Index 2024
Singapore		96.9
Thailand		83.5
Malaysia		81.1
Indonesia		79.9
Vietnam		77.1
Philippines		76.2

Source: UN

On government services, Malaysia has made significant progress. According to the United Nations (UN) E-Government Index, which measures a country’s readiness, capacity, and progress in using e-government for the provision of public services, Malaysia improved its score from 61.1% in 2014 to 81.1% in 2024, ranking third in Southeast Asia after Singapore and Thailand.

Various initiatives contributed to the improve in ranking, including but are not limited to, the digitalisation of motor vehicle licenses (road tax)¹⁰⁸, the introduction of MyDigital Identification (ID) as the sole verification system for other government-related apps¹⁰⁹, and the launch of Pangkalan Data

¹⁰⁷ UN (2024). UN E-government survey 2024. <https://publicadministration.un.org/egovkb/en-us/Reports/UN-E-Government-Survey-2024>

¹⁰⁸ MOT (2023). Digital road tax and licence explained., pages 1-3. <https://www.mot.gov.my/en/News/DIGITAL%20ROAD%20TAX%20AND%20LICENCE%20EXPLAINED.pdf>

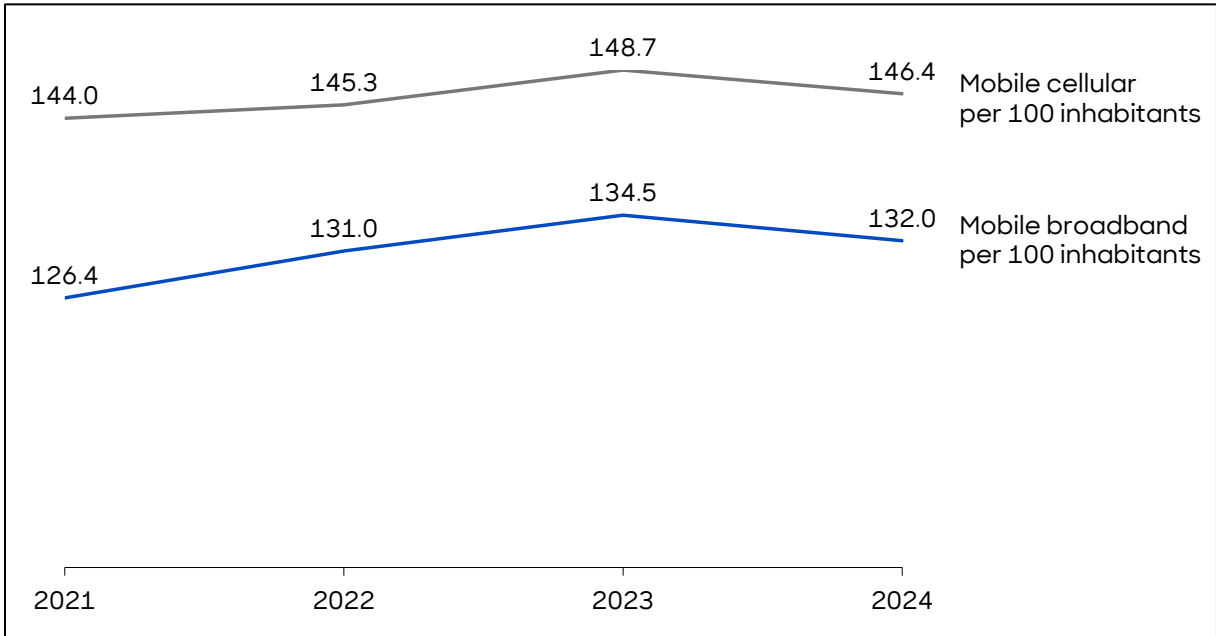
¹⁰⁹ MyDigital ID (2024). Brochure. https://digital-id.my/pdf/MyDigital_ID_Brochure_2024.pdf

Utama (PADU)¹¹⁰, a centralised database hub designed to consolidate information on Malaysian citizens and support the government in better distributing benefits. These efforts have enhanced the efficiency and accessibility of public services, contributing to Malaysia’s advancement in e-government development.

4.3.4 Key factors driving Malaysia’s digital economy

4.3.4.1 Population’s increasing connectivity

Figure 21: Mobile broadband and mobile cellular penetration rates, 2021-2024¹¹¹ [%]



Source: DOSM

Growing internet penetration in Malaysia is a significant catalyst for the expansion of the digital economy. According to DOSM, the percentage of individuals using mobile phones and computers is 99.4% and 80.4%, respectively as of 2023¹¹². DOSM also highlighted mobile broadband

¹¹⁰ PADU (2025). Homepage. <https://padu.gov.my/>
¹¹¹ Penetration rate for the year is based on the latest available figures from the most recent quarter.
¹¹² DOSM (2024). Malaysia digital economy 2024, page 57. https://storage.dosm.gov.my/gdp/digitaleconomy_2023.pdf

penetration rate reaching 132.0 subscriptions per 100 inhabitants, while mobile cellular subscriptions reached 146.4 per 100 inhabitants by the Quarter 3 (Q3) of 2024¹¹³.

As more Malaysians come online through the deployments of Fourth Generation (4G) and 5G high-speed networks coverage in both sub-urban and rural areas (80% of population coverage), it has enabled greater access to innovative digital services, further boosting economic growth and digital transformation across sectors¹¹⁴.

A key factor in this growth is the country's focus on improving connectivity, particularly through the recent push for 5G development. Malaysia's 5G network development began in 2018 with the establishment of the National 5G Taskforce. Initially, a Single Wholesale Network (SWN) model was adopted to accelerate the rollout and ensure inclusive coverage across the country. However, in May 2023, the government transitioned to a dual-network approach to mitigate risks associated with a single point of failure, ensure redundancy for 5G services, and foster a competitive 5G ecosystem¹¹⁵.

As of October 2024, 5G penetration stands at 51.5%, and the coverage of 5G infrastructure now extends to 82.1% of populated areas, benefiting more than 17.5 million subscribers¹¹⁶. This shows a rate of increase of ~20% per month from ~3.1% in March 2023. Various 5G use cases have been adopted across multiple sectors of the economy, including the implementation of Malaysia's first 5G private network in the oil and gas industry by Petronas in October 2023¹¹⁷.

¹¹³ DOSM (2024). Malaysia Digital Economy 2024, page 85. https://storage.dosm.gov.my/gdp/digitaleconomy_2023.pdf

¹¹⁴ Malaysia Network Operators Group (2024). Malaysia's unique approach on 5G network rollout. <https://www.mynog.org/wp-content/uploads/2024/06/Plenary-1010-DNB-1.pdf>

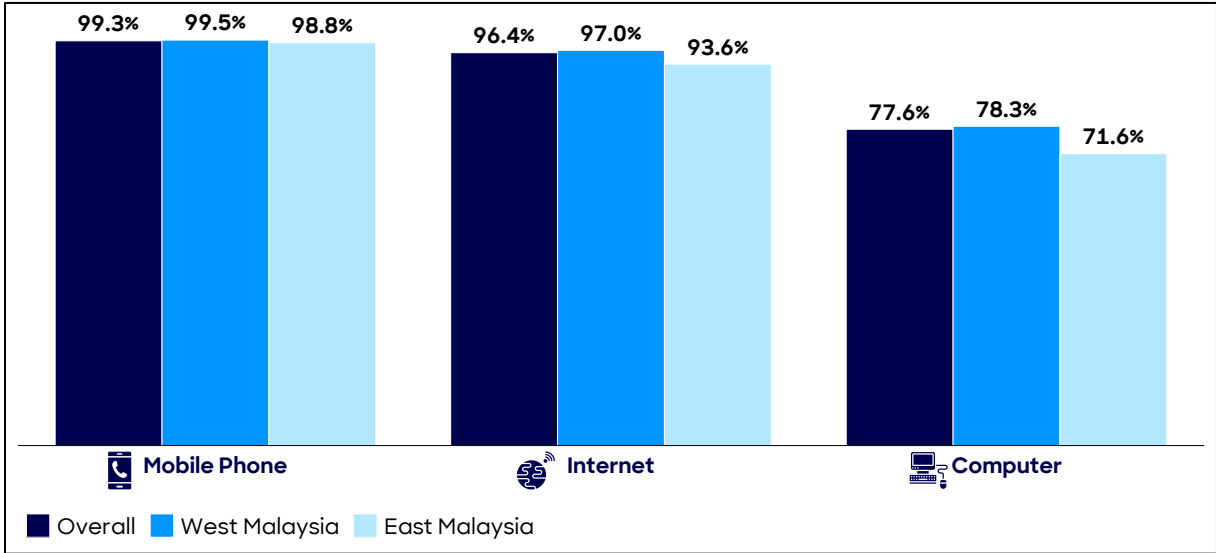
¹¹⁵ The Edge (2023). 5G: no rollback as Cabinet decides to stay with single wholesale network till DNB completes 80% coverage. <https://theedgemaalaysia.com/node/665485>

¹¹⁶ Bernama (2024). 17.5 million 5G users in Malaysia - Gobind. https://www.bernama.com/en/news.php/crime_courts/sports/news.php?id=2370501

¹¹⁷ Petronas (2023). Petronas becomes first in Malaysia to adopt 5G private network for enterprise use. <https://www.petronas.com/media/media-releases/petronas-becomes-first-malaysia-adopt-5g-private-network-enterprise-use>

In terms of access to ICT tools, the country has experienced a sustained increase in key areas, including computers, internet connectivity, and mobile phone. Current statistics indicate that each of these areas has surpassed a penetration rate of 90% ¹¹⁸ , reflecting a high level of accessibility and integration of technology within the population. This significant penetration highlights that the majority of the population is equipped with the necessary tools for digital engagement, positioning the country as well-prepared for the digital economy.

Figure 22: Percentage of households with access to selected ICT services in Malaysia, 2023¹¹⁹ [%]



Source: DOSM

Despite Malaysia having high overall ICT development, variations in geography, population densities, economic activities, and cultural factors have led to slight disparities in access and development between West and East Malaysia. These differences are particularly evident in the penetration rates of ICT tools, as seen in the comparison between the two regions shown in **Figure 22**.

¹¹⁸ DOSM (2023). Malaysia digital economy 2024, page 220. https://storage.dosm.gov.my/gdp/digitaleconomy_2023.pdf

¹¹⁹ Figures from both West and East Malaysia are based on the average access rate across all states within each region.

4.3.4.2 COVID-19 and digitalisation

Similar to many countries, the pandemic has acted as a catalyst for Malaysia's digital economy, accelerating the adoption of digital technologies across various sectors.

During that period, various incentives were given to businesses by the government with the objective to stimulate economic growth.

In June 2020, the government launched the PENJANA (*Pelan Jana Semula Ekonomi Negara*) stimulus package, a short-term economic recovery plan worth MYR 35 billion. The package included various digital initiatives for businesses and citizens, such as¹²⁰:

- **Digital Adoption Grant and Loans:** Provision of MYR 700 million in grants and loans to eligible enterprises for the adoption or subscription of digitalisation services.
- **Micro and SME E-Commerce Campaign:** Initiative to encourage micro, small and medium enterprises (MSMEs) to adopt e-commerce, providing onboarding training, seller subsidies and sales support. This campaign is co-funded by the Government through MDEC and various e-commerce platforms.
- **Shop Malaysia Online Campaign:** Collaboration between the government and e-commerce platforms to co-fund e-commerce digital discount vouchers.
- **ePenjana Credit:** Credit of MYR 50 for e-wallet users, with an additional MYR 50 in value offered through cashback vouchers and discounts from e-wallet service providers.
- **Dana PENJANA Nasional:** MYR 1.2 billion fund aimed at providing capital to digital-focused Malaysian venture capital funds and startups.

¹²⁰ Bernama (2020). List of 40 initiatives under Penjana. <https://www.bernama.com/en/news.php?id=1848388>

- **Promotion of Remote Learning and Work:** Provision of 1 gigabyte of free daily capacity for all users to access educational websites, news and video conferencing applications.

According to JENDELA (*Jalinan Digital Negara*), the Digital Network Plan introduced by the Malaysian Communications & Multimedia Commission (MCMC), Malaysia's internet traffic increased up to 70%¹²¹. Additionally, internet usage in residential areas saw a similar rise of up to 70%. Lockdowns and social distancing measures compelled businesses and consumers to shift online, resulting in a surge in e-commerce, online education and remote work solutions. The need for contactless transactions also led to the rapid growth of digital payment systems and e-wallets, e.g., Touch 'n Go and DuitNow, making financial transactions more convenient and secure.

In line with Malaysia's push for digitalisation, the Sarawak and Sabah government have also introduced various state-level initiatives via its local entities¹²² – Sarawak Digital Corporation (SDEC)¹²³ and Sabah Creative Economy and Innovation Centre (SCENIC)¹²⁴.

SDEC:

- **Sarawak rural Broadband Network (MySRBN):** Provision of high-speed broadband connectivity across suburban and rural areas in Sarawak.
- **Innovation hubs:** Platform for startups, creative industries, SMEs and social enterprises.

¹²¹ Malaysian Wireless (2020). Malaysia government wants 100% 4G coverage, 100mbps 5G speeds. <https://www.malaysianwireless.com/2020/09/malaysia-government-jendela-4g-coverage-100mbps-5g-speeds/>

¹²² SDEC is a wholly-owned company by the Sarawak Government through State Financial Secretary Inc. under the Ministry of Finance and Economic Planning. It serves as the state's implementing agency in driving the Sarawak Digital Economy initiatives; SCENIC is an initiative under the Sabah state's Ministry of Science, Technology and Innovation. It is responsible to accelerate industries in the state through entrepreneurship, technology, innovation and creativity.

¹²³ Sarawak Digital Economy Corporation (SDEC) (2025). <https://sdec.com.my/>

¹²⁴ Sabah Creative Economy and Innovation Centre (SCENIC) (2025). <https://scenic.my/>

- **Sarawak Digital Mall:** Platform aimed at boosting e-commerce adoption and sales performance of MSMEs.
- **GoDigital:** Purchase of hardware, software, and digital services aimed at assisting MSMEs in digitalising their business.

SCENIC:

- **SCENIC-SATA Hasanah Special Fund:** Provision of funds to Sabahan social entrepreneurs.
- **SEMAI Summit:** Summit with forums, sharing sessions focusing on social entrepreneurship.

4.3.4.3 Growing adoption of new technologies

Malaysia's digital economy is at the forefront of adopting new technologies, which are driving significant changes across various sectors. The adoption of AI and ML is noteworthy, with applications ranging from personalised shopping experiences in e-commerce to predictive analytics in digital advertising. For instance, e-commerce platforms are now increasingly using AI to recommend products based on user behaviour, resulting in higher engagement and sales conversion rates. In 2023, e-commerce player Lazada launched its AI-powered and augmented reality (AR) “Skin Test Technology”, allowing consumers to diagnose their skin condition through phone cameras¹²⁵.

In the digital advertising sub-sector, publisher REV Media group in October 2024 introduced AI influencers Liz Spark and Adam Spark, offering brands innovative ways to engage with diverse markets¹²⁶. Separately, Astro partnered with Talon Creative to launch an AI-driven initiative that utilises a social listening system to identify online posts expressing emotions like sadness and frustration. In response, AI-generated personalised messages,

¹²⁵ Retail Asia (2024). Lazada launches AI, AR-powered skin test technology. <https://retailasia.com/e-commerce/news/lazada-launches-ai-ar-powered-skin-test-technology>

¹²⁶ New Straits Times (2024). REV Media unveils new AI influencers as part of digital marketing push. https://www.nst.com.my/news/nation/2024/10/1117194/rev-media-unveils-new-ai-influencers-part-digital-marketing-push#google_vignette

crafted to mimic the style and tone of the series' cast members, are sent to offer support and encouragement¹²⁷.

In the online travelling sub-sector, AirAsia launched an AI-powered concierge, 'Ask Bo,' in February 2023. With enhanced ML capabilities, 'Ask Bo' offers more proactive and personalised customer service, providing live updates on flight status, boarding information, baggage tracking, and flight changes¹²⁸.

4.3.4.4 Government's push for startups

The vibrant startup ecosystem in Malaysia plays a crucial role in fostering innovation. While recognising its importance, the government is also aware of the key challenges faced by startups. According to the Malaysia Startup Ecosystem Roadmap (SUPER) 2021-2030, challenges such as funding for early-stage startups, a limited talent pool, particularly in tech and digital fields, and issues related to the regulatory environment and market access remain as hurdles¹²⁹.

In response, the government has introduced several initiatives to promote entrepreneurship and drive innovation. One of the notable efforts is the Ministry of Economy's KL20 Summit 2024, which aims to position Kuala Lumpur among the world's top 20 global startup hubs by 2030. Key activities outlined in this initiative include, but are not limited to¹³⁰:

¹²⁷ Marketing Magazine (2024). Talon Creative works with Astro to leverage A.I. and inspire Positive Social Engagement featuring Mierul Aiman & Shasha Abedul. <https://marketingmagazine.com.my/talon-creative-works-with-astro-to-leverage-a-i-and-inspire-positive-social-engagement-featuring-mierul-aiman-shasha-abedul/>

¹²⁸ AirAsia (2023). "We have listened." Capital A fires chatbot AVA and introduces new AI-powered "Ask Bo" as part of commitment to more transparent, enhanced customer experience. <https://newsroom.airasia.com/news/capital-a-welcomes-ask-bo#gsc.tab=0>

¹²⁹ MOSTI (2021). Malaysia Startup Ecosystem Roadmap 2021-2030, pages 1-38. [https://www.mosti.gov.my/wp-content/uploads/repository/penerbitan/2021/\(SUPER\)%20Malaysia%20Startup%20Ecosystem%20Roadmap%202021-2030.pdf](https://www.mosti.gov.my/wp-content/uploads/repository/penerbitan/2021/(SUPER)%20Malaysia%20Startup%20Ecosystem%20Roadmap%202021-2030.pdf)

¹³⁰ KL20 Summit (2024). Malaysia launches major initiatives at KL20 summit to boost global startup standing. <https://www.kl20.gov.my/malaysia-launches-major-initiatives-at-kl20-summit-to-boost-global-startup-standing/>

- **Unicorn Golden Pass:** Attractive incentives offered to startups, including waived fees for employment passes for senior management, subsidised rental options, concessionary tax rates on corporate profits, etc.
- **KL20 Action paper:** Comprehensive roadmap with initiatives that aim to make talent access easier (Visa Green-laning), investing and deal-sourcing more regular (Venture Capital (VC) Golden Pass) and AI Infrastructure more mature (Graphical Processing Units installation).
- **Kuala Lumpur Innovation Belt:** Initiative by MRANTI to create a one-stop centre for startups and investors.

Furthermore, the Ministry of Science, Technology and Innovation (MOSTI) mandated Cradle Fund, Malaysia's early-stage startup influencer, to lead its ASEAN Startup initiative with the aim to foster greater collaboration, innovation, and growth among startups in the region. The initiative will unfold in two phases: the first phase in 2024 will focus on developing the ASEAN Startup Portal, while the second phase in 2025 will emphasise capacity-building programs.

4.3.5 Projected growth of Malaysia's digital economy

By 2025, the Ministry of Digital projects a total contribution of 25.5% from the digital economy to Malaysia's total GDP¹³¹. This target will be driven by various initiatives, including government-led projects and "Catalytic Projects" through Public-Private Partnerships (PPPs), where the private sector leads and finances the projects¹³².

¹³¹ Malay Mail (2024). Digital minister: govt targets 25.5pc GDP contribution from digital economy by end-2025. <https://www.malaymail.com/news/malaysia/2024/06/25/digital-minister-govt-targets-255pc-gdp-contribution-from-digital-economy-by-end-2025/141472>

¹³² MyDigital (2022). MyDigital catalytic projects facilitating game-changing technological innovation for key sectors. <https://www.mydigital.gov.my/mydigital-catalytic-projects-facilitating-game-changing-technological-innovation-for-key-sectors/>

The overall target will be supplemented by the various sub-targets laid out in both MDEB and the National 4IR Policy (N4IRP) (see section **Error! Reference source not found.** for more information):

Target under MDEB (by 2025):

- Total investment in digitalisation: MYR 70 billion
- Number of MSMEs adopting e-commerce: 875,000
- Number of start-ups: Up to 5,000
- Number of unicorns (privately held startup company with a valuation of \geq \$ 1 billion): at least two and being based in Malaysia
- Job opportunities in digital economy: More than 500,000

Target under N4IRP (by 2030):

- Transform 20% of semi- and low-skilled labour to highly skilled labour
- More home-grown Fourth Industrial Revolution (4IR) technology providers
- 3.5% in Gross Domestic Expenditure on R&D (GERD), including for 4IR-related R&D
- Ranked Top 20 in Global Innovation Index
- 80% of online government services are integrated and supported by 4IR technology application
- All teachers are trained to use 4IR technology

The MYDIGITAL agenda is overseen by the Council of Digital Economy and the Fourth Industrial Revolution (MED4IRN), led by the Prime Minister of

Malaysia. The Council includes Cabinet Ministers, private sector representatives, industry leaders, and think tank members¹³³.

Moreover, in October 2024, the government's Budget 2025 outlines various initiatives aimed at enhancing the digital economy, innovation and infrastructure ¹³⁴ , and supporting the achievement of the above-mentioned targets:

Supporting Digital Initiatives (Malaysia Budget 2025):

- Expansion of R&D funding to MYR 600 million is planned to encourage innovation and the development of new technologies.
- Allocation of MYR 320 million to improve internet access, including MYR 120 million for higher education institutions (HEIs), MYR 100 million for broadband in rural schools, and MYR 100 million for the National Information Dissemination Centres (NADI) over five years.
- MYR 10 million allocation to establish of the National Artificial Intelligence Office (NAIO), which will coordinate AI efforts and develop a strategic action plan for AI technology.
- The New Investment Incentive Framework (NIIF) includes a MYR 1 billion fund to support high-value activities like integrated circuit (IC) design services. Special tax deductions will also be given to HEIs that develop new courses in digital technology, AI, robotics, IoT, data science, Fintech, and sustainable technologies.

4.4 Digital economy-related policies

While digitalisation has been recognised in key policy documents such as the Malaysia Plan, a focused approach was only introduced in 2019 under

¹³³ MITI (2021). Publication of information and communication technology satellite accounts (ICTSA) 2021 by Department of Statistic Malaysia (DOSM) - <https://www.miti.gov.my/index.php/pages/view/8527>

¹³⁴ Ministry of Finance (2024). Budget tabling for 2025. <https://belanjawan.mof.gov.my/en/>

the SPV 2030¹³⁵, which identified Digital Economy as one of its 15 Key Economic Growth Areas (KEGA).

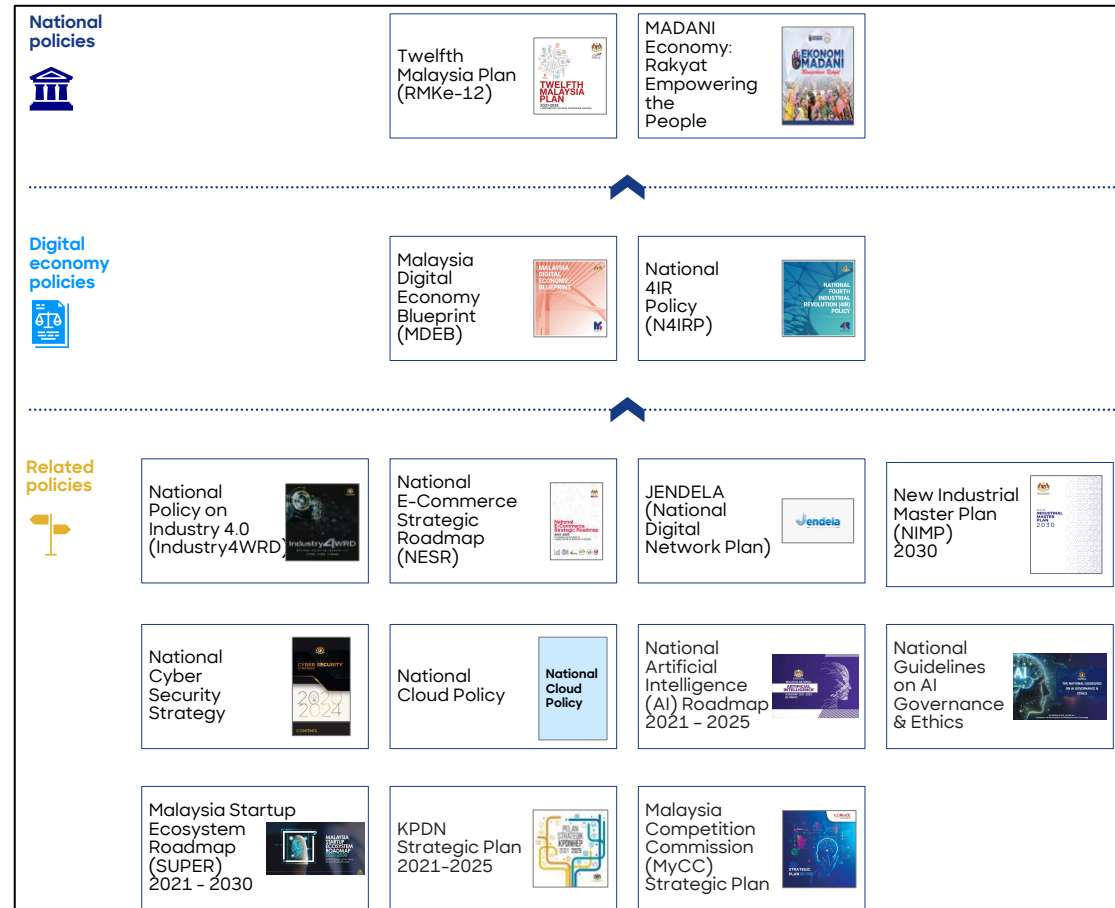
In 2021, the government formalised its commitment to the digital economy with the launch of the MYDIGITAL agenda, which introduced both the MDEB and the National Fourth Industrial Revolution Policy (N4IRP). These policies aim to streamline sectoral policies and align them with broader national goals, with the N4IRP serving as a central industrialisation policy focused on manufacturing and related services.

Subsequent policies were introduced to support the MDEB and N4IRP, with additional industry-specific policies developed in alignment with these frameworks. The figure below outlines the comprehensive policies governing the digital economy, along with related initiatives.

These policies reflect the government's commitment to the robust development of Malaysia's digital economy. The primary goals are to drive national growth, foster inclusiveness, and enhance competitiveness for the benefit of the economy, the people, and the country as a whole.

¹³⁵ Ministry of Economy (2019). Shared prosperity vision 2030. <https://ekonomi.gov.my/sites/default/files/2020-02/Summary%20Shared%20Prosperity%20Vision%202030.pdf>; New Straits Times (2023). Armizan: Malaysia Madani replaces SPV 2030, framework to be launched soon by PM. <https://www.nst.com.my/news/nation/2023/02/883055/armizan-malaysia-madani-replaces-spv-2030-framework-be-launched-soon-pm>

Figure 23: National, key and supporting policies related to the digital economy¹³⁶




Source: Secondary research and MyCC analysis

¹³⁶ MyCC analysis.

4.4.1 National policies

Table 6: Guiding national policies for the digital economy in Malaysia

#	Policy	Description	Competition aspect	Data privacy and protection aspect
1	<p>Twelfth Malaysia Plan (RMKe-12) by Economic Planning Unit (EPU) under the Ministry of Economy</p> 	<p>Five-year, medium-term plan with the objective of developing a “Prosperous, Inclusive, Sustainable Malaysia.”</p> <p>It emphasises the importance of digital transformation across sectors, aiming to enhance digital literacy, promote e-commerce and support technology adoption under the Policy Enabler 2: Accelerating Technology Adoption and Innovation.</p>	<p>Recognises the weak digital global presence of Malaysian companies and proposes initiatives such as developing standards, setting up new platforms, and fostering cross-border activities promote competition in the digital economy.</p> <p>It also plans to expand digitalisation by scaling up digital skills and opportunities for targeted groups to promote inclusiveness of</p>	<p>Recognises the importance of improving data integration and privacy for efficient service delivery.</p> <p>Proposes formulating policies on data sharing whilst protecting data privacy such as developing national digital identification policy to build trust and security for digital transactions and data movement, with the</p>

#	Policy	Description	Competition aspect	Data privacy and protection aspect
			Malaysians in the digital economy.	goal of curbing fraud and enhancing individual rights alongside the PDPA.
2	MADANI¹³⁷ Economy: Empowering the People <i>by the Prime Minister & Finance Minister of Malaysia, Datuk Seri Anwar Ibrahim</i>	<p>Launched in 2023 with the aim to restore Malaysia's economy, position it as a leading nation in Asia and to enhance the people's quality of life through economic growth.</p> <p>It emphasises the integration of digital technologies across various sectors to enhance productivity and competitiveness through the creation of a 'digital and</p>	Attempts to reform the digital economy and increase the exposure of MSMEs to the digital era through providing matching grants of 50% or up to MYR 5,000 for smaller businesses to equip them with financial capabilities to compete with larger, more established companies in the digital marketplace.	Looks to implement Digital ID, which is an initiative to verify people's identity on the internet or in the cyber world. It aims to foster the expansion of online businesses and application whilst ensuring that personal data is well protected from potential misuse or unauthorised access.




¹³⁷ keMampanan (Sustainability), kesejAhteraan (Prosperity), Daya cipta (Innovation), hormAt (Respect), keyakiNan (Trust) and Ihsan (Compassion)

#	Policy	Description	Competition aspect	Data privacy and protection aspect
		<p>innovation-led Industry'. A 'digital and innovation-led industry' will be created through Domestic Direct Investment (DDI) from government-linked companies (GLCs) and government-linked investment companies (GLICs).</p> <p>Through the promotion of digital literacy and access to technology, the plan seeks to empower individuals and businesses, thereby fostering a robust digital economy.</p>	<p>Additionally, it highlighted the need to address all forms of malicious deception and fake news in advertising that can sow division and mistrust within the digital advertising sub-sector.</p> <p>These initiatives aim to enhance Malaysia's competitiveness in the digital economy by supporting small businesses and ensuring a trustworthy digital advertising environment.</p>	<p>The Digital ID is designed to enhance trust in the digital ecosystem, supporting the growth of Malaysia's digital economy. It is part of the broader Malaysia Digital Economy Blueprint, aligning with the MADANI Economy's aspiration to elevate the country as an Asian economic leader and improve the well-being of its people.</p>

Source: Secondary research and MyCC analysis


4.4.2 Digital economy policies

Table 7: Digital economy policies in Malaysia

#	Policy	Description	Competition aspect	Data privacy and protection aspect
1	Malaysia Digital Economy Blueprint (MDEB) by EPU under the Ministry of Economy 	<p>Launched in early 2021, the blueprint aims to transform Malaysia into a digitally driven, high-income nation and regional leader (in the field of digital economy) by 2030. It focuses on three outcomes:</p> <ol style="list-style-type: none"> 1. Socio-environmental wellbeing for all; 2. Business growth in all sectors; and 3. Fit-for-future government. <p>The blueprint is driven by 22 strategies, 48 national</p>	<p>Contains various initiatives such as the streamlining of regulatory requirements to respond to the digital economy and encourage innovative business models.</p> <p>The initiative focuses on adapting regulations to support the growth of the digital economy and encourage innovative business models. It includes streamlining regulatory requirements, reviewing existing</p>	<p>Initiative of “Enhancing cyber security awareness among businesses and society members” which aimed to raise the public’s confidence to go digital.</p> <p>This initiative includes the development of a multi-pronged and sustained cyber security awareness programme through a People-Private-Public Partnership</p>

#	Policy	Description	Competition aspect	Data privacy and protection aspect
		<p>initiatives and 28 sector-specific initiatives to achieve its goals within the 10-year timeframe (2021-2030).</p> <p>It highlights the need for flexible regulations (“Agile Regulations”) to address challenges such as evolving technologies and new business models. One key focus is ensuring fair competition by streamlining pro-competition measures under its second thrust.</p> <p>MyDIGITAL Corporation, an agency under the Ministry of Digital, is responsible for implementing the blueprint. It is also aligned with other policies, such as the Personal</p>	<p>policies and competition laws, and using regulatory sandboxes to test new rules before full implementation.</p> <p>These efforts aim to ensure fair competition, improve market monitoring by regulators, and create a level playing field for businesses. It also promotes better alignment and interoperability between policies and regulations for more efficient implementation and enforcement.</p>	<p>approach, promoting platforms like the CyberSafe website, enhancing cyber security month activities, and strengthening law enforcement and governance.</p> <p>It also incorporates the development of guidelines for digital users, including consumer rights in commercial transactions.</p> <p>Netiquette modules as part of the national education curriculum</p>

#	Policy	Description	Competition aspect	Data privacy and protection aspect
		<p>Data Protection Act and strategies for the Fourth Industrial Revolution (4IR).</p> <p>Several states, including Negeri Sembilan (Negeri Sembilan Digital Economy Blueprint 2027) and Sarawak (Sarawak Digital Economy Blueprint 2030), have introduced their own digital economy blueprints in line with the national plan.</p>		<p>will also be implemented.</p> <p>This blueprint also addresses cross-border data flows by promising that by 2025, all new trade agreements will incorporate cross-border data protection elements.</p>
2	National 4IR Policy (N4IRP) by EPU under the <i>Ministry of Economy</i>	Comprehensive national framework aimed at guiding the use of 4IR technologies to enhance the country's socioeconomic development.	Introduces the initiative to develop critical 4IR-enabling infrastructure to enable wider application of 4IR technologies, as part of the strategy to strengthen digital	Introduces an ethics framework for technological development and deployment to ensure responsible use of 4IR technologies, specific

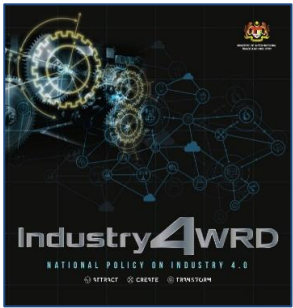
#	Policy	Description	Competition aspect	Data privacy and protection aspect
		<p>It serves as a foundational document to various plans, including the RMKe-12 and the MDEB.</p> <p>The policy sets a timeframe of ten years (from 2021 - 2030) to improve the following, with 4IR technologies:</p> <ol style="list-style-type: none"> 1. The <i>rakyat</i> to have an improved quality of life; 2. Businesses to become more productive, competitive and innovative through streamlined bureaucratic and policy processes; and 	<p>infrastructure, which will enable higher accessibility and adoption of companies towards 4IR technologies to promote healthy competition.</p> <p>Another part of this policy addresses the need to expand the digital marketplace for the underserved rural community to bridge the technology adoption gap.</p>	<p>legislation on cyber security and enhance personal data protection law, regulations and guidelines.</p> <p>This future-proofs the regulations, at the same time, improves the ease of doing business and safeguards the society's interests.</p>


#	Policy	Description	Competition aspect	Data privacy and protection aspect
		<p>3. Government to be technologically enabled and able to provide more efficient and effective public services.</p> <p>The policy will be realised through four policy thrusts, 16 strategies and 32 national initiatives. Similar to the MDEB, the N4IRP is being implemented by MyDIGITAL Corporation.</p>		

Source: Secondary research and MyCC analysis

4.4.3 Related policies


Table 8: Related policies to the digital economy


#	Policy	Description	Competition aspect	Data privacy and protection aspect
1	National Policy on Industry 4.0 (Industry4WRD) by MITI 	<p>Aims to facilitate the adoption of Industry 4.0 technologies across the manufacturing sector.</p> <p>This policy promotes the use of automation, AI and other advanced technologies to enhance productivity and competitiveness.</p>	<p>Indirectly addresses anti-competitive issues in the digital economy by supporting firms in overcoming challenges related to lack of awareness, adoption, and high investment costs.</p> <p>This is achieved through assessment platforms and tax-based incentives, which are particularly beneficial for SMEs, enabling them to compete more effectively with larger, more dominant players.</p>	<p>Highlights the importance of data integrity, security, and analysis as important areas to ensure seamless data flow across value chains.</p> <p>Also covers the need for centralised and easily accessible information to better help firms protect their data handling, ownership, and</p>

#	Policy	Description	Competition aspect	Data privacy and protection aspect
				storage, ensuring compliance with relevant privacy and protection laws.
2	National E-Commerce Strategic Roadmap (NESR) <i>by MDEC under the Ministry of Digital</i> 	<p>Launched in 2016, the NESR was implemented from 2017 to 2020 and guided by the National E-Commerce Council. With a supportive governance framework and infrastructure, it was aimed at accelerating the growth of e-commerce with focus on six strategic thrusts:</p> <p>Accelerate seller adoption of e-commerce.</p>	<p>No explicit mention/highlight of anti-competition.</p> <p>However, various programmes are aimed at enhancing the competitiveness of logistics providers and sellers. These efforts indirectly support a more vibrant and competitive digital economy, which may help mitigate anti-competitive concerns.</p>	<p>No explicit mention/highlight of data privacy and protection within its framework.</p>

#	Policy	Description	Competition aspect	Data privacy and protection aspect
		<p>Increase adoption of eProcurement by businesses.</p> <p>Lift non-tariff barriers,</p> <p>Realign existing economic incentives.</p> <p>Make strategic investments in selected e-commerce players.</p> <p>Promote national brand to boost cross-border e-commerce.</p> <p>NESR 2.0 was developed at the end of NESR 1.0 in 2020. Led by the NESR taskforce, this initiative is a nationwide collaborative</p>	<p>Key programmes include:</p> <ul style="list-style-type: none"> • Improve Malaysia's regional performance and competitiveness in logistics • Enhance seller competitiveness and improve consumer trust and confidence through Institut Piawaian dan Penyelidikan Perindustrian Malaysia (SIRIM) Trusted Mark Scheme 	


#	Policy	Description	Competition aspect	Data privacy and protection aspect
		<p>effort between the public and private sectors aimed at boosting Malaysia's e-commerce ecosystem from 2021 to 2025. The roadmap focuses on three guiding principles:</p> <ol style="list-style-type: none"> 1. Intensify e-commerce adoption and growth 2. Enhance ecosystem development <p>Strengthen policy and regulatory environment.</p>		
3	JENDELA (National Digital Infrastructure Plan) by MCMC under the Ministry of Communications	Five-year national digital infrastructure plan, starting from September 2020 until 2025. It is aimed at improving Malaysia's	Indirectly supports the digital economy by ensuring nationwide internet coverage, particularly through improvements in 4G	No explicit mention/highlight of data privacy and protection within its framework.

#	Policy	Description	Competition aspect	Data privacy and protection aspect
		<p>digital infrastructure by enhancing broadband connectivity and expanding access to high-speed internet across the country.</p> <p>By addressing connectivity issues, JENDELA supports the digital economy by enabling more Malaysians to engage in online activities.</p>	<p>connectivity in remote areas, fibre networks, and mobile broadband speeds.</p> <p>These efforts enable digital businesses to operate effectively while preventing potential exploitation of consumers.</p> <p>Additionally, the standardisation of electrical tariffs for communications services, aligned with industrial rates, helps create a level playing field among competitors. This prevents large companies from leveraging their financial advantages to negotiate lower electrical rates due to</p>	

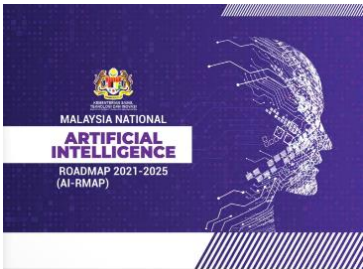
#	Policy	Description	Competition aspect	Data privacy and protection aspect
			their scale and purchasing power.	
4	National Industrial Master Plan (NIMP) 2030 by MITI 	<p>The NIMP 2030 is a seven-year industrial policy aimed at enhancing the competitiveness and sustainability of Malaysia's manufacturing and manufacturing-related services sectors. It emphasises the integration of digital technologies, including automation, AI, and data-driven decision-making, to drive productivity and innovation.</p> <p>Specifically, chapter 6 of the plan focuses on the market structure of digital and ICT services,</p>	<p>Highlights the needs for companies to embrace digital transformation to improve productivity, create value, and spur innovation, especially for SMEs.</p> <p>Under Mission 2, the policy aims to streamline and modernise all interactions between the government and businesses, from start-up to operation, ensuring efficiency, transparency, and ease of doing business. These efforts will help businesses, especially SMEs, to lower their operational</p>	<p>Emphasises the need for a national digital platform for analytics and to facilitate data sharing and collaboration among stakeholders.</p> <p>Proposes using Generative AI in various industries such as healthcare and finance in line with parameters under the PDPA to ensure compliance</p>

#	Policy	Description	Competition aspect	Data privacy and protection aspect
		<p>recognising their critical role in supporting industrial growth. It outlines the need to strengthen the ecosystem for digital and ICT services by promoting fair market practices, supporting the entry of new players, and addressing issues related to market concentration and dominance.</p> <p>The chapter also highlights the importance of fostering collaboration between public and private sectors to develop a robust digital infrastructure that aligns with global standards.</p>	<p>costs and reduce barriers to entry.</p> <p>Under chapter 6, it highlights the need to address market concentration in digital and ICT services by promoting fair competition and reducing barriers for smaller players. It emphasises policies to foster innovation, support new entrants, and prevent anti-competitive practices. By ensuring a more balanced market structure, the plan aims to enhance opportunities for SMEs and encourage a dynamic and competitive digital economy.</p>	<p>with data protection laws.</p>

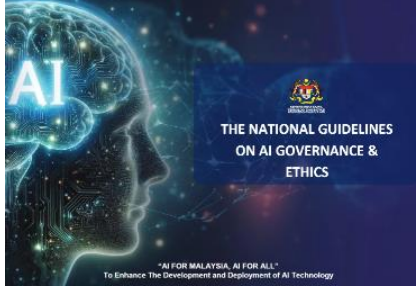
#	Policy	Description	Competition aspect	Data privacy and protection aspect
			The policy also focuses on workforce measures such as proposing a multi-tiered levy mechanism to support SMEs in upgrading their tech and to ensure supply chain resilience.	
5	Malaysia Cyber Security Strategy 2020-2024 (MCSS) by National Cyber Security Agency (NACSA) under the National Security Council (NCS) of Prime Minister's Department	Aims to strengthen Malaysia's cybersecurity framework. It outlines strategic initiatives to protect the nation's critical information infrastructure (CII), promote cybersecurity awareness, ensure the resilience of digital services against cyber threats and enhance public trust in digital services.	No explicit mention/highlight of anti-competition. However, the initiative to ensure businesses are aware of data protection and strengthen cybersecurity leads to improved measures in safeguarding users' data. Not only will it ensure businesses are better equipped to protect their	Includes implementing policies, procedures, and guidelines related to data protection, public key infrastructure, and electronic information management. These efforts will be realised through the development of

#	Policy	Description	Competition aspect	Data privacy and protection aspect
		It fosters a secure environment for online transactions and digital services and enhances consumer confidence in e-commerce and other online activities.	customers' information, enhancing overall data security and trust, but it will also encourage customers to engage with a wider range of businesses, further supporting a competitive and vibrant digital economy.	a data leakage protection mechanism, carried out under the National Cryptography Policy.
6	National Cloud Policy by <i>Ministry of Digital</i>	According to the Prime Minister's speech at Google's groundbreaking ceremony on October 2, 2024, the policy is set to be finalised in 2025 and designed to enhance Malaysia's digital ecosystem by fostering public service innovation, economic competitiveness, data security and inclusivity	No explicit mention/highlight of anti-competition. However, the policy aims to ensure that SMEs and startups enhance their cloud technology for innovation, operational efficiency, and access to global markets.	Strengthening user trust and data security is one of the four core areas of the National Cloud Policy. Aims to establish robust security frameworks and protocols to protect sensitive data and critical


#	Policy	Description	Competition aspect	Data privacy and protection aspect
		<p>By modernising public services through cloud technology, it seeks to make government operations more accessible, responsive and transparent.</p> <p>The policy also supports economic growth by helping SMEs and startups adopt cloud technology, boosting their innovation and global reach.</p> <p>In addition, the policy emphasises user trust and data security, establishing safeguards across public and private sectors to protect sensitive information. Lastly, this policy promotes digital</p>	<p>This means these businesses will have the resources to innovate and improve their operations, allowing them to compete more effectively with larger companies indirectly.</p>	<p>infrastructure in both public and private cloud environments.</p> <p>This focus ensures that as digital adoption increases, user data remains secure, thereby fostering trust in digital services.</p>


#	Policy	Description	Competition aspect	Data privacy and protection aspect
		inclusivity, ensuring all Malaysians have access to digital services and bridging the digital divide for an equitable digital society.		
7	Malaysia Artificial Intelligence Roadmap 2021 - 2025 (AI-RMAP) by MOSTI 	<p>Aims to make Malaysia an AI-driven economy through six key strategies. It establishes AI governance with policies, standards and a National AI Park to guide responsible growth.</p> <p>National and global R&D initiatives will also be initiated to boost innovation across sectors, while digital infrastructure</p>	<p>Highlights the need for Malaysian organisations to invest in digital platforms, such as hyper-scale intelligent cloud, rather than relying on traditional IT infrastructure, to maintain a competitive edge.</p> <p>Additionally, it aims to clarify the challenges of data sharing for AI implementations in the digital marketplace by</p>	<p>Highlights the need for companies to improve data governance to protect sensitive data and prevent data breaches whether through government guidelines, legal agreements / templates, or through new technologies such</p>

#	Policy	Description	Competition aspect	Data privacy and protection aspect
		<p>upgrades to enhance AI accessibility.</p> <p>Talent development is also prioritised through education and reskilling programs to build a skilled workforce. Furthermore, AI awareness initiatives to promote AI adoption across industries and create a sustainable AI innovation ecosystem with the AI-Catalyst Hub connecting government, academia, industry and society, will be carried out.</p>	<p>developing clear data classification guidelines.</p> <p>This will promote responsible data sharing and collaboration, ensuring that data is exchanged fairly and transparently across the digital ecosystem.</p>	as Responsible AI etc.
8	National Guidelines on AI Governance & Ethics by MOSTI	Aims to strengthen Malaysia's digital economy by promoting responsible, trustworthy AI aligned with	Promotes responsible AI development, especially when it comes to promoting competition and preventing anti-competitive behaviour.	Proposes consumer protection principles for AI, including the rights to information, to

#	Policy	Description	Competition aspect	Data privacy and protection aspect
		<p>Malaysia's National AI Roadmap (2021 - 2025).</p> <p>These guidelines are anchored in seven core principles (fairness, reliability, safety, privacy and security, inclusiveness, transparency, accountability and human-centred benefit).</p> <p>By mitigating AI-related risks, this framework ensures equal distribution of AI's benefits and prioritises the well-being of citizens, while enhancing national productivity, driving economic growth and</p>	<p>Also proposes the development of national AI guidelines for policy makers, developers, designers, technology providers, and suppliers that will promote transparent, explainable, and fair AI practices.</p>	<p>object, to be forgotten, and to interact with a human instead of AI, to collectively redress and be compensated.</p> <p>It also proposes synergistic implementation with the National Cyber Security Agency to strengthen Malaysia's cyber defence and enhance its resilience against emerging AI-related threats.</p>

#	Policy	Description	Competition aspect	Data privacy and protection aspect
		<p>building a competitive edge.</p> <p>It also fosters public trust in AI technologies, maximising their value and ensuring fair, secure and transparent practices across sectors, enriching consumer experiences and advancing digital innovation.</p>		
9	Malaysia Startup Ecosystem Roadmap (SUPER) 2021 - 2030 by MOSTI	Aims to position Malaysia among the Top 20 global startup ecosystems by 2030. This objective will be realised through 16 strategic initiatives focused on five main thematic drivers.	Outlines six critical interventions to foster a competitive startup environment, including the establishment of a regulatory sandbox - National Technology and Innovation Sandbox (NTIS), the promotion of open data,	No explicit mention/highlight of data privacy and protection.

#	Policy	Description	Competition aspect	Data privacy and protection aspect
	 <p>The image is a poster for the 'MALAYSIA STARTUP ECOSYSTEM ROADMAP 2021-2030'. It features a stylized graphic of a human head profile with circuitry and data points, set against a dark background with blue and green accents. The text on the poster includes 'MALAYSIA STARTUP ECOSYSTEM ROADMAP 2021-2030' and 'SUPERcharging The Way To Our Shared Future'. The Malaysian coat of arms is visible in the bottom right corner of the poster.</p>	<p>By nurturing a vibrant startup ecosystem, Malaysia aims to drive economic growth, create employment opportunities, and establish itself as a centre for innovation and entrepreneurship.</p>	<p>and the development of a startup-friendly legal framework.</p> <p>Such interventions are meant to provide a safe space for startups to test innovative products and services without the heavy burden of regulatory compliance, thereby promoting innovation and competition within the ecosystem.</p>	

#	Policy	Description	Competition aspect	Data privacy and protection aspect
10	Ministry of Domestic Trade and Cost of Living's (KPDN) Strategic Plan 2021-2025 	<p>Aims to strengthen domestic trade through value creation and digitisation, push for the adoption of innovation and technology to serve as companies' foundation and instil rational consumer behaviour through empowering consumers and civil societies.</p> <p>The plan consists of five strategic thrusts, with a key focus on advancing domestic trade. To achieve this, the policy will encourage initiatives such</p>	<p>Details various strategic initiatives aimed at creating a conducive business environment that encourages innovation, the application of technology, and ethical best practices among local industry players.</p> <p>The plan also proposes the development of a technology-enabled supply chain aimed at enhancing supply chain effectiveness and optimisation, which could potentially reduce reliance on middlemen and mitigate the risk of</p>	<p>Proposes strengthening the redress mechanism through the Tribunal of User Claims Malaysia (TTPM) and enhance user on their rights and responsibilities. This will help users make more informed decisions regarding their data in a responsible manner.</p> <p>Additionally, the plan suggests</p>

#	Policy	Description	Competition aspect	Data privacy and protection aspect
		as the increased usage of technology in businesses and strengthening of the business innovation ecosystem.	monopolistic practices, particularly in e-commerce.	optimising technology to provide efficient and appropriate services, including the development of a cyber-secure, cloud-based commercial environment that ensures data protection and security against cyber threats.
11	MyCC's Strategic Plan 2021-2025	This Strategic Plan marks the commission's third five-year plan. With overall economic growth set to recover from the COVID-19 pandemic, it aims to support the country's	Ensures that businesses refrain from engaging in anti-competitive practices, such as cartels and abuse of dominant positions in the marketplace (including digital markets).	No explicit mention/highlight of data privacy and protection.

#	Policy	Description	Competition aspect	Data privacy and protection aspect
		<p>recovery measures, growth of new economic sectors such as markets for e-commerce and innovation and promote environmental, social, and governance (ESG) agenda for businesses.</p> <p>As part of its strategic initiative, MyCC is conducting a comprehensive market study on digital markets to enhance its understanding of the rapidly evolving digital economy. This in-depth analysis aims to identify potential competition concerns arising from the</p>	<p>Plan also includes to continue advise other sector regulators, ministries, and government agencies on competition-related policies to ensure consistency in the application of competition policy and law in the Malaysian markets.</p> <p>Additionally, it aims to expand and strengthen MyCC's cooperation and collaboration at both international and regional levels.</p> <p>With the goals established in this plan, the MyCC has decided to conduct market studies in the digital economy to better</p>	


#	Policy	Description	Competition aspect	Data privacy and protection aspect
		<p>accelerated digitisation of businesses in Malaysia.</p> <p>The study underscores MyCC's commitment to adapting its regulatory approach in response to the changing market dynamics, ensuring fair competition in the digital landscape.</p>	<p>understand and identify potential competition issues, extending beyond the e-commerce sector to include other critical elements of digital markets.</p>	

Source: Secondary research and MyCC analysis


4.5 Digital economy-related regulation

Malaysia's digital economy is supported by a regulatory framework that promotes innovation, protects consumer rights, and ensures data security. Although there is no specific act for the sector, 13 relevant laws can be considered as governing regulations for Malaysia's digital economy¹³⁸:


Table 9: Digital economy-related regulation in Malaysia

#	Act	Description	Relevance to the 4 sub-sectors	Relevance to competition	Relevance to data privacy and protection
1	Competition Act 2010 (Act 712) by the MyCC under the Ministry of Domestic Trade & Cost of Living (KPDN) 	Aims to protect the competition process by prohibiting anti-competitive agreements such as price-fixing and the abuse of dominant position in the market. It is also to ensure fair business operations to improve quality, provide better choices and offer competitive	Relevant across all sub-sectors by ensuring fair business practices in pricing and service delivery.	Key legislation that establishes a legal framework to prevent and address business behaviours and activities that could harm competition in the market. Key provisions include: <ul style="list-style-type: none"> Section 4: Prohibition of horizontal and 	Indirectly covers data privacy and protection in the context of preventing sensitive data sharing during investigations and proceedings, subsequently rights of action for relief for individuals.


¹³⁸ MyCC analysis.


#	Act	Description	Relevance to the 4 sub-sectors	Relevance to competition	Relevance to data privacy and protection
		prices for goods and services.		vertical agreement; <ul style="list-style-type: none"> Section 10: Prohibition of abuse of dominant position. 	Key provisions include: <ul style="list-style-type: none"> Section 21: Protection of confidential information Section 64: Rights of private action
2	Personal Data Protection Act 2010 (Act 709) by the JPDP under the Ministry of Digital 	Protects personal data in commercial transactions by regulating how personal information is collected, stored, and used. Personal data refers to any information about an individual, such as their name, address, contact details, and	Highly relevant to e-commerce and digital advertising, where personal data is widely used and processed. It ensures that consumers' personal data is treated with	Strict data protection requirements can limit data sharing and collaboration between companies, preventing larger companies from exploiting consumer's personal data for their own benefit (except for the purpose of credit reporting).	Strict guidelines for companies to adhere to ensure consumers' awareness and acknowledgement of having their personal data processed. Key provisions include:

#	Act	Description	Relevance to the 4 sub-sectors	Relevance to competition	Relevance to data privacy and protection
		<p>even sensitive data (e.g., physical and mental health condition, political opinions, religion beliefs, etc.).</p> <p>The act applies to data processed either automatically or as part of a relevant filing system, requiring data controllers and processors to protect this information to prevent misuse or abuse.</p>	respect and protection.	<p>Key provisions include:</p> <ul style="list-style-type: none"> • Section 6: General principle of processing personal data • Section 8: Disclosure principle • Section 129: Transfer of personal data to places outside Malaysia 	<ul style="list-style-type: none"> • Section 7: Notice and choice principle • Section 9: Security principle • Section 30: Right of access to personal data • Section 38: Withdrawal of consent to process personal data • Section 40: Processing of sensitive personal data • Section 43: Right to prevent processing or


#	Act	Description	Relevance to the 4 sub-sectors	Relevance to competition	Relevance to data privacy and protection
					<p>purposes of direct marketing</p> <ul style="list-style-type: none"> • Section 130: Unlawful collecting etc. of personal data
3	Communications & Multimedia Act 1998 (Act 588) by MCMC under the Ministry of Communications 	Regulates the communications and multimedia industries and provides a legal framework for the development of the industries.	Relevant across all sectors by ensuring equitable access to communication and multimedia services.	Fosters a competitive market, encourages innovation and the introduction of new services and technologies; also prevents anti-competitive practices which aims to promote fair competition by regulating monopolistic behaviours.	<p>Ensures that any inquiry or report excludes confidential information and prevents unlawful interception and disclosure of communications that may contain sensitive personal information.</p> <p>Key provisions include:</p>


#	Act	Description	Relevance to the 4 sub-sectors	Relevance to competition	Relevance to data privacy and protection
				<p>Key provisions include:</p> <ul style="list-style-type: none"> • Section 133: Prohibition on anti-competitive conduct • Section: 135: Prohibition on entering into collusive agreements • Section 136: Prohibition on tying or linking arrangements • Section 137: Determination of dominant licensee • Section 138: Guidelines as to the meaning of 	<ul style="list-style-type: none"> • Section 63: Confidential material not to be disclosed • Section 65: Report on an inquiry • Section 80: Publication of information • Section 211: Prohibition on provision of offensive content • Section 233: Improper use of network facilities or network service • Stion 234: Interception

#	Act	Description	Relevance to the 4 sub-sectors	Relevance to competition	Relevance to data privacy and protection
				“dominant position”	and disclosure of communications prohibited
4	Electronic Commerce Act 2006 (Act 658) by KPDN 	Ensure electronic transactions are as legally binding and enforceable as traditional paper-based counterparts.	Directly relevant to e-commerce, underpinning online transactions and digital marketplaces.	Indirectly promotes competition by lowering market entry barriers for new and small businesses, ensuring that electronic transactions are legally valid and enforceable. Key provisions include: <ul style="list-style-type: none"> Sections 6 - 7: Legal recognition of electronic message 	Promotes some form of protection or steps, to ensure the integrity of information in its original form is protected and completely unaltered. Key provisions include: <ul style="list-style-type: none"> Section 12: Original

#	Act	Description	Relevance to the 4 sub-sectors	Relevance to competition	Relevance to data privacy and protection
				<ul style="list-style-type: none"> Sections 8 - 16: Fulfilment of legal requirements by electronic means Sections 17 - 24: Communication of electronic message 	
5	Digital Signature Act 1997 (Act 562) by MCMC under the Ministry of Communications 	Ensures the validity and enforceability of digital signatures.	Particularly relevant for e-commerce and online transaction platforms.	<p>Enables secure digital transactions, therefore indirectly lowers barriers to entry and promotes market participation by establishing trusted digital signature standards.</p> <p>Key provisions include:</p>	<p>Indirectly provides guidance to ensure that private keys are kept secure and that digital signatures are protected.</p> <p>Key provisions include:</p>

#	Act	Description	Relevance to the 4 sub-sectors	Relevance to competition	Relevance to data privacy and protection
				<ul style="list-style-type: none"> Sections 22 - 26: Requirements of licensed certification authorities Sections 38 - 42 Representations and duties upon acceptance of certificate Section 26: Requirements as to advertisement 	<ul style="list-style-type: none"> Sections 43 - 45: Control of private key Sections 62 - 67: Effect of digital signature Section 72: Obligation of secrecy Section 73: False information
6	Consumer Protection Act 1999 (Act 599) by <i>KPDN</i>	Ensure fair trade practices, prevent exploitation and provide redress mechanisms for consumers.	Relevant to all sectors, especially e-commerce and digital advertising, protecting	Addresses consumer-related aspects of market competitions (e.g., misleading and deceptive practices, unfair trading), contributing to a	Includes some provisions covering protection of consumers' personal data.


#	Act	Description	Relevance to the 4 sub-sectors	Relevance to competition	Relevance to data privacy and protection
			consumer rights.	<p>comprehensive regulatory environment that supports both consumer rights and fair competition.</p> <p>Key provisions include:</p> <ul style="list-style-type: none"> • Section 10: False or misleading representation • Section 12: Misleading indication as to price • Section 28: Defence of innocent publication of advertisement 	<p>Key provisions include:</p> <ul style="list-style-type: none"> • Section 139: Use of confidential information


#	Act	Description	Relevance to the 4 sub-sectors	Relevance to competition	Relevance to data privacy and protection
7	Postal Services Act 2012 (Act 741) by MCMC under the Ministry of Communications 	<p>Pursuant to Section 12(1) of the Postal Services Act 2012, the licensing requirement under the Act does not apply to the categories specified in the First Schedule.</p> <p>As such, these categories fall outside the MCMC's jurisdiction for licensing, and any competition issues related to these categories will fall within MyCC's purview:</p> <ol style="list-style-type: none"> 1. Trade announcements, circulars, printed extracts from 	Particularly relevant to e-commerce logistics and delivery services.	<p>Provides guidelines on anti-competitive conduct in the postal sector, with specific guidelines to be determined by MCMC to ensure fair competition and consumer protection.</p> <p>Key provisions include:</p> <ul style="list-style-type: none"> • Section: 34: Postal financial services • Sections 36 - 37: Regulation of rates • Sections 38 - 48: General competition practices 	<p>Some form of acknowledgement that only authorised officers conducting search with a warrant can access computerised data.</p> <p>Key provisions include:</p> <ul style="list-style-type: none"> • Section 81: Access to computerised data

#	Act	Description	Relevance to the 4 sub-sectors	Relevance to competition	Relevance to data privacy and protection
		<p>newspapers, or advertisements, without any name, address or other particulars of the recipient.</p> <p>2. Postal articles delivered by an employee of the sender.</p> <p>3. Postal articles delivered by a messenger on request by the sender specifically for that purpose, not being a person employed or engaged in the course of his business or employment in</p>		<ul style="list-style-type: none"> Sections 49 - 56: Consumer protection 	


#	Act	Description	Relevance to the 4 sub-sectors	Relevance to competition	Relevance to data privacy and protection
		<p>delivering or procuring the delivery of postal articles.</p> <p>4. Postal articles exceeding two kilograms in weight per postal article.</p> <p>5. Postal articles sent with the goods and delivered together with the goods.</p> <p>6. Postal articles carried to or from a post office.</p> <p>7. Postal articles carried in accordance with an agreement entered into by the licensee.</p>			


#	Act	Description	Relevance to the 4 sub-sectors	Relevance to competition	Relevance to data privacy and protection
		<p>8. Transfers between document exchanges.</p> <p>9. Electronic postal services.</p> <p>10. Postal articles carried and delivered by a private friend without hire, reward or other profit.</p> <p>11. Postal articles carried and delivered personally by the sender.</p>			


#	Act	Description	Relevance to the 4 sub-sectors	Relevance to competition	Relevance to data privacy and protection
8	Cyber Security Act 2024 (Act 854) by Ministry of Digital 	<p>Provision of a legal framework safeguarding the nation's cyber defences and enhancing resilience against cyber threats.</p> <p>The Act also establishes the National Cyber Security Committee.</p>	Relevant to all sectors reliant on digital transactions and communications.	<p>Helps to protect consumer data, thereby enhancing trust and encouraging competition among businesses.</p> <p>Key provisions include:</p> <ul style="list-style-type: none"> Sections 25 - 26: Code of practice Sections 27 - 34: Cyber security service provider 	<p>Guidelines on how companies with national critical information should conduct themselves or act in the event of a cyber-security breach.</p> <p>Key provisions include:</p> <ul style="list-style-type: none"> Section 21: Duty to implement code of practice Section 22: Duty to conduct cyber security risk assessment and audit Section 23: Duty to give


#	Act	Description	Relevance to the 4 sub-sectors	Relevance to competition	Relevance to data privacy and protection
					<p>notification on cyber security incident</p> <ul style="list-style-type: none"> • Section 24: Cyber security exercise • Section 35: Cyber security incident
9	Financial Services Act 2013 (Act 758) <i>by BNM</i>  BANK NEGARA MALAYSIA <small>CENTRAL BANK OF MALAYSIA</small>	Regulates financial institutions, payment systems and other relevant entities, as well as oversees money market and foreign exchange market to promote financial stability.	Relevant to mobile operating and payment systems, governing payment transactions.	<p>Establishes a regulatory framework to promote the stability and integrity of the financial sector, indirectly fostering competition by ensuring consumer trust in financial institutions.</p> <p>Key provisions include:</p>	<p>Provides a framework to safeguard customer information by establishing obligations for financial institutions to ensure confidentiality and specify conditions for lawful disclosures, reinforcing data privacy and</p>

#	Act	Description	Relevance to the 4 sub-sectors	Relevance to competition	Relevance to data privacy and protection
				<ul style="list-style-type: none"> Sections 8 - 29: Authorization and registration Sections 30 - 45: Payment systems Section 124: Prohibited business conduct Sections 135 - 139: Restrictions relating to consumer protection 	<p>protection within the financial sector.</p> <p>Key provisions include:</p> <ul style="list-style-type: none"> Sections 131 - 134: Information and secrecy
10	Islamic Financial Services Act 2013 (Act 759) by BNM	Regulates Islamic financial institutions, payment systems, and other relevant entities, and oversight of the Islamic money market	Relevant to mobile operating systems, payment systems, and e-	Indirectly supports competition in the Islamic finance sector by ensuring fair and transparent operations in line with	Provides a framework for safeguarding customer information in Islamic financial institutions

#	Act	Description	Relevance to the 4 sub-sectors	Relevance to competition	Relevance to data privacy and protection
	 BANK NEGARA MALAYSIA <small>CENTRAL BANK OF MALAYSIA</small>	and Islamic foreign exchange market to promote financial stability and Sharia compliance.	commerce in Islamic finance.	<p>regulatory requirements, fostering innovation and consumer choice in financial services.</p> <p>Key provisions include:</p> <ul style="list-style-type: none"> • Sections 8 - 26: Authorization • Sections 27 - 28: Shariah requirements • Sections 39 - 55: Payment systems • Section 136: Prohibited business conduct • Sections 147 - 151: Restrictions relating to 	<p>by outlining obligations to maintain confidentiality and conditions for lawful disclosures, thereby reinforcing trust and compliance within the Islamic finance sector.</p> <p>Key provisions include</p> <ul style="list-style-type: none"> • Sections 142 - 146: Information and secrecy

#	Act	Description	Relevance to the 4 sub-sectors	Relevance to competition	Relevance to data privacy and protection
				consumer protection	
11	Copyright Act 1987 (Act 332) <i>by MyIPO under KPDN</i> 	Governs the protection of original works, including literary, artistic, and software creations, detailing ownership, duration, and enforcement of copyright rights.	Relevant to e-commerce and digital advertising, regulating the use of creative works.	Protects creative works, thereby encouraging innovation and competition in the digital economy. Ensures businesses can safeguard their intellectual property, which is crucial for maintaining competitive advantages. Key provisions include: <ul style="list-style-type: none"> Sections 13 - 25A: Nature and duration of copyright 	Prohibits unauthorised disclosure of information obtained under the Act, safeguarding sensitive data Key provision <ul style="list-style-type: none"> Section 52: Disclosure of information

#	Act	Description	Relevance to the 4 sub-sectors	Relevance to competition	Relevance to data privacy and protection
				<ul style="list-style-type: none"> Sections 26 - 27 - Ownership and assignment of copyright Sections 27A - 27L: Copyright licensing 	
12	Computer Crimes Act 1997 (Act 563) by Ministry of Communications 	Addresses cybercrimes such as unauthorised access, data breaches, and misuse of computer systems.	Relevant to all sub-sectors by ensuring a secure digital environment, particularly for e-commerce and digital advertising.	Enhances competition by reducing risks of data theft and sabotage, protecting businesses from malicious attacks	Protects against unauthorised access and manipulation of personal and sensitive data. Key provisions include: <ul style="list-style-type: none"> Section 3: Unauthorised access to computer material

#	Act	Description	Relevance to the 4 sub-sectors	Relevance to competition	Relevance to data privacy and protection
					<ul style="list-style-type: none"> Section 5: Unauthorised modifications of the contents of any computer
13	Electronic Government Activities Act 2007 (Act 680) by Ministry of Communications 	Provides the legal framework for electronic government services, ensuring transparency and accountability in digital governance	Supports e-commerce by legitimising digital processes in government interactions	Promotes a level playing field for businesses engaging in government tenders through e-platforms	<p>Ensures secure data handling in digital government transactions.</p> <p>Key provision includes:</p> <ul style="list-style-type: none"> Section 7: Confidentiality and security in e-transactions

Source: Federal Legislation Portal Malaysia and MyCC analysis

Despite the above-mentioned policies and regulations provide a strategic direction for the digital economy, several potential gaps in the policy and regulatory landscape have been identified, including:

4.5.1 Lack of comprehensive digital economy framework

In Malaysia, there is currently no comprehensive framework specifically designed to regulate competition within the digital economy. Considering the uniqueness and rapid development of this industry, existing regulations may not be sufficient to address the potential challenges and complex dynamics it presents.

This situation is further complicated by the fragmented regulatory landscape across existing sub-sectors. Following table provides an overview of the various regulations governing the four sub-sectors:

Table 10: Key sub-sector regulations governing the sub-sectors' operations

Government's role	Coverage area	Mobile operating and payment system players	E-commerce marketplaces and logistics players	Digital advertising intermediaries	OTAs
Policy oversight	Sub-sector direction	-	<p>KPDN: The Electronic Commerce Act 2006 provides the legal framework governing electronic transactions and online business activities in Malaysia. Amendment to the act is currently underway (as of August 2025).</p> <p>MDEC: The National E-Commerce Strategic Roadmap</p>	-	<p>MOTAC: The Tourism Industry Act 1992 covers the licensing and registration of tourism operators, travel agencies, tour guides, hotels, and other tourism-related businesses.</p> <p>Amendment to the act is underway to also cover digital platforms (as of August 2025).</p>

Government's role	Coverage area	Mobile operating and payment system players	E-commerce marketplaces and logistics players	Digital advertising intermediaries	OTAs
			(NESR) aims to boost e-commerce adoption and drive digital trade growth.		
Operational oversight	Company licensing	SSM: Under the Companies Act 2016, SSM oversees company incorporation, registration, and statutory compliance.			
	Sub-sector operating license	No regulatory supervision by any ministry/agency.	<p>MCMC: Under the Postal Services Act 2012, all logistics providers offering postal or courier services for items weighing 2 kg or less are required to obtain a license.</p> <p>MOT: Regulates postal or courier services for items weighing above 20 kg.</p>	No regulatory supervision by any ministry/agency.	MOTAC: Under the Tourism Industry Act 1992, OTA and digital travel service operators with a physical office in Malaysia must obtain a Travel Operating Business and Travel (TOBTAB) license.

Government's role	Coverage area	Mobile operating and payment system players	E-commerce marketplaces and logistics players	Digital advertising intermediaries	OTAs
	Tax payment	LHDN: Under the Income Tax Act 1967, it oversees assessment, collection, and enforcement of income tax obligations for businesses (and individuals).			
		RMCD: Under the Service Tax (Digital Services) Regulations 2019, it imposes a 6% (increased to 8% in 2024) service tax on digital services provided by foreign service providers to Malaysian consumers.			
		MOTAC: Under the Tourism Tax Act 2017, it imposes a MYR 10 per night rate on foreign tourists, which in 2021 included bookings from digital platform service providers.			
	Consumer protection	KPDN: Under the Consumer Protection Act 1999, it safeguards consumer rights, ensuring fair trade, product safety, and protection against misleading practices.			
	Data privacy and protection	JPDP: Under the PDPA 2010, data controllers must ensure responsible handling of personal data—including collection, processing, and lawful cross-border transfers under specified conditions.			

Government's role	Coverage area	Mobile operating and payment system players	E-commerce marketplaces and logistics players	Digital advertising intermediaries	OTAs
	Competition	MyCC: Under the Competition Act 2010, it prohibits anti-competitive agreements and abuse of dominant position in the market.			
			MCMC: Under the Postal Services Act 2012, courier and logistics activities related to e-commerce fulfilment are regulated, including oversight of competition practices.		
	Dispute resolution (for businesses)	No regulatory supervision by any ministry/agency.			

Source: Federal Legislation Portal Malaysia and MyCC analysis

There are existing foreign regulations that specifically target the digital economy market, with a particular focus on efforts to regulate Big Tech companies. Developed countries and regions, such as the UK and the EU have made strides toward more proactive or ex-ante regulation for example the EU's DMA, introduced in 2022 and effective in 2023 and the UK's Digital Markets, Competition and Consumers (DMCC) Act, published in 2024 and already set into force in 2025.

Specifically, on the DMA, it aims to establish a framework for fair and competitive markets in the digital sector. It applies to all platforms operating in the EU, regardless of their physical location, with a particular focus on 'gatekeepers.' These are large online platforms that have a significant impact on digital markets, defined by¹³⁹:

- Either with an annual turnover of at least EUR 7.5 billion in the last three financial years or a market value of at least EUR 75 billion in the previous financial year and operations in at least three member states.
- Served more than 45 million monthly active end users.
- More than 10,000 yearly active business users during the last three years on a number of core platform services, such as social network, Number-Independent Interpersonal Communication Service (N-IICS), video sharing, intermediation, video sharing, search, browser, ads and operating system.

Consequently, as of May 2024, seven companies have been considered as gatekeepers, after being assessed and found to fulfill the criteria outlined in the act. The gatekeepers are Alphabet, Amazon, Apple, Booking, ByteDance, Meta and Microsoft¹⁴⁰. The DMA has set out some specific dos and don'ts for "gatekeepers" to abide by, as below:

Dos:

¹³⁹ European Commission (2023). Remarks by Commissioner Breton: Here are the first 7 potential "Gatekeepers" under the EU Digital Markets Act. https://ec.europa.eu/commission/presscorner/detail/en/STATEMENT_23_3674

¹⁴⁰ EU (2023). Gatekeepers. https://digital-markets-act.ec.europa.eu/gatekeepers_en

- Enable third-party integration with the gatekeeper's services under specific circumstances.
- Permit business users to access the data they generate while using the gatekeeper's platform.
- Equip companies advertising on their platform with the necessary tools and information for independent verification of their advertisements.
- Allow business users to promote their goods or services and establish contracts with customers outside of the gatekeeper's platform.

Don'ts:

- Favouring the gatekeeper's own services and products in rankings over similar offerings from third parties on the platform.
- Restricting consumers from connecting to businesses outside the gatekeeper's platform.
- Preventing users from uninstalling any pre-installed software or app (for instance, on a new smartphone).
- Tracking end users outside the gatekeeper's core platform service for targeted advertising without effective consent.

While regulation aims to improve market fairness, over-regulation can sometimes lead to unintended consequences. For example, the DMA requires platforms to provide third-party developers with equal access to certain functionalities, such as Apple's AirDrop and AirPlay¹⁴¹. While this may promote fairness, it can also discourage key players from continuing

¹⁴¹ American Enterprise Institute (2025). The Digital Markets Act: Security and innovation challenges in tech regulation <https://www.aei.org/technology-and-innovation/the-digital-markets-act-security-and-innovation-challenges-in-tech-regulation/>

to innovate, creating a situation where it becomes more attractive to copy existing features rather than investing in the development of new solutions.

Furthermore, due to the extensive reach of these large companies, any regulation on them often affects other businesses as well. For instance, under the DMA, Google Search can no longer showcase its own vertical services such as Google Maps or Google Hotel Ads on search results, as these were deemed as "self-preferencing." As a result, when a Google user searches for hotels in Europe, they can no longer view key hotel details directly and easily in the search results, such as prices or locations^{142, 143}. Instead, users must click through to the preferred search result to view the information. According to Mirai¹⁴⁴, a hospitality digital marketing and technology solutions company, this change has led to an estimated 30% drop in clicks to hotel websites and a 36% decline in direct bookings.

A balanced regulatory approach is therefore essential to ensure market fairness without stifling innovation and impacting business growth.

4.5.2 Unclear jurisdictional boundaries between regulatory bodies

The legal infringement on anti-competitive or unlawful market practices in the digital market primarily fall under the purview of the MyCC. However, it may also extend to other regulatory bodies, such as the MCMC, Malaysian Aviation Commission (MAVCOM) and the Energy Commission.

While the Competition Act 2010 (Act 712)¹⁴⁵, administered by MyCC, serves as the primary law for competition issues across all sectors, other acts,

¹⁴² D-Edge (2024). The DMA is changing Google search, but not how hoteliers had hoped. <https://www.d-edge.com/the-dma-is-changing-google-search-but-not-how-hoteliers-had-hoped/>

¹⁴³ Google (2024). An update on our compliance with the DMA. <https://blog.google/around-the-globe/google-europe/dma-compliance-update/>

¹⁴⁴ Mirai (2024). DMA implementation sinks 30% of clicks and bookings on Google Hotel Ads. <https://www.mirai.com/blog/dma-implementation-sinks-30-of-clicks-and-bookings-on-google-hotel-ads/>

¹⁴⁵ The Competition Act also does not apply to the Petroleum Development Act 1974, which grants Petronas exclusive upstream rights for petroleum exploration, extraction, and initial control.

such as the Postal Services Act 2012 (PSA)¹⁴⁶ and the Communications and Multimedia Act 1998 (CMA)¹⁴⁷ under MCMC, Malaysian Aviation Commission Act 2015 under MAVCOM and Energy Commission Act 2001 under EC also address competition concerns within their respective domains.

For example, in assessing the dominant position of a licensee or player, PSA and CMA consider a market share exceeding 40% in the postal and communication market as “high”, whereas MyCC considers a market share threshold of over 60%¹⁴⁸ as an indicator of a dominant enterprise in relation to general markets.

In 2023, MyCC and MCMC signed a memorandum of understanding (MoU) to address exclusivity arrangements between telecommunications service providers and property developers or building management companies in high-rise buildings, including residential complexes¹⁴⁹. While this collaboration does not yet focus on digital platforms, there is potential for further cooperation between the two agencies, as well as with other relevant ministries and agencies (e.g., JPDP), to harmonise regulatory frameworks.

At present, such situation creates a “substantive policy multiplicity¹⁵⁰”, where different focuses or approaches address the same issue or concern. As a result, potential inconsistencies may arise in how the issue is managed or regulated, leading to inefficiencies and confusion for businesses, as well as challenges for regulators in enforcement and compliance efforts.

¹⁴⁶ MCMC (2024). Guidelines on dominant position (postal services industry). <https://mcmc.gov.my/skmmgovmy/media/General/Resources/Guidelines-on-Dominant-Position-Postal-Services-Industry.pdf>

¹⁴⁷ MCMC (2014). Guideline on dominant position. <https://mcmc.gov.my/skmmgovmy/media/General/pdf/Commission-Guideline-on-Dominance-in-a-Communications-Market-Final.pdf>

¹⁴⁸ MyCC (2012). Guidelines on abuse of dominant position. Chapter 2: Prohibition, page 4. <https://www.mycc.gov.my/sites/default/files/pdf/newsroom/MYCC%20Guidelines%20Booklet%20BOOK2-6%20FA%20copy.pdf>

¹⁴⁹ MyCC (2023). MyCC and MCMC strengthen collaboration with MOU signing. <https://www.mycc.gov.my/announcement/mycc-and-mcmc-strengthen-collaboration-with-mou-signing>

¹⁵⁰ Kovaic, W (2025). Is it true that the big tech companies are being victimised?, page 19. MyCC Competition Law Symposium.

In the realms of policies and roadmaps, the same challenges may persist where seemingly similar strategic initiatives with overlapping themes are managed or steered by different ministerial bodies, which is particularly evident when it comes to new advanced technologies.

For example, Industry4WRD: National Policy on Industry 4.0 is governed by the MITI whereas National 4IR Policy (N4IRP) is governed by the Ministry of Economy. Similarly, AI-related matters fall mainly under the Ministry of Digital as it involves data but at the same time, addressing the risks and harms of AI requires involvement from the Ministry of Science, Technology, and Innovation. Unclear boundaries are also further pronounced when policies and legislative acts are embedded or referenced by one another, potentially creating challenges for businesses navigating the competitive landscape¹⁵¹.

4.5.3 Coverage on new developing technology

The PDPA 2010 (Act 709) by JPDP, serves as the Malaysia's main form of legislation that regulates the processing of personal data in commercial transactions. However, it has faced challenges in addressing the complexities introduced by emerging technologies such as AI and ML. These technologies often function as “black box (where internal processes are not transparent or easily understood)”, which complicates compliance with PDPA's requirements for transparency and accountability, which are critical for fostering trust and competition in the digital economy.

Some of the risks involved in trying to regulate new technologies alongside PDPA include:

- Overregulation that is excessively implemented could stifle innovation and growth within the industry and hinder development for new technologies.
- Compliance burdens as companies may face significant compliance costs to meet the requirements of the act, which could deter smaller

¹⁵¹ Tech for Good Institute (2024). Shaping the digital future: Regulatory updates from Malaysia. <https://techforgoodinstitute.org/blog/expert-opinion/shaping-the-digital-future-regulatory-updates-from-malaysia/>

companies from entering the market and increase operational costs for existing businesses.

- Legal ambiguities should the definitions be unclear and misunderstood may result in additional precaution by companies to navigate these complexities and could lead to less competitive market behaviour as businesses err on the side of caution to avoid legal pitfalls.
- Flexibility challenges because as new technology continues to evolve, so will the regulations to remain effective, which requires balancing innovation with compliance to prevent market distortions.
- Implementation risks as regulation may disproportionately affect players in the industry depending on how well regulators understand the market structure and competitive dynamics.

4.5.4 Coverage on existing data protection regulation

In 2013, an additional requirement was introduced under the PDPA, mandating that specific classes of data users register as “data users”. However, this requirement excluded foreign companies from mandatory registration. While the JPDP encourages foreign companies to comply voluntarily, enforcement remains challenging due to limited resource. Furthermore, the PDPA only applies to personal data processed for commercial transactions, exempting government entities (largest data processors in Malaysia) and not covering data processed outside Malaysia. These limitations created gaps in the legal framework.

To address various gaps and align with international standards, Malaysia introduced the PDPA (Amendment) Act 2024. Key amendments include:

- **Data Transfer Abroad:** Effective 1 April 2025, data controllers can transfer personal data outside Malaysia if the destination has laws substantially like PDPA or ensures an adequate level of protection equivalent to the PDPA.

- **Mandatory Data Protection Office (DPO) Appointment:** Starting 1 June 2025, data controllers and processors engaged in large-scale data processing must appoint a DPO. The DPO will oversee compliance with PDPA requirements, ensuring the data protection measures are effectively implemented.
- **Data Portability Rights:** Effective 1 June 2025, data subjects gain the right to request the transfer of their personal data from one data controller to another, provided the transfer is technically feasible and compatible with existing data formats. This empowers individuals with greater control over their personal data.

The reliance or co-regulation alongside PDPA extends to national and digital-related policies, such as the MDEB. These policies often reference the PDPA to address data privacy and protection without elaborating on the necessary boundaries and coverage. For instance, under Strategic Thrust 4: Strengthen Cross-Border Data Transfer Mechanisms and Protection, the blueprint mandates both the Ministry of Communications and MITI to co-lead efforts in establishing cross-border data transfer provisions. This initiative aims to facilitate seamless data flows while maintaining adequate levels of protection¹⁵².

The PDPA (Amendment) Act 2024, particularly in section 129, complements this by removing the whitelist regime for cross-border transfer. While this amendment aligns the PDPA with international practices, its implementation relies heavily on collaboration between regulators, such as MCMC, MITI, and the JPDP. Furthermore, national policies often incorporate the PDPA without clearly defining its boundaries or specifying how co-regulation should function in practice. This lack of clarity can result in fragmented enforcement and inconsistent application of data protection measures, particularly when addressing emerging technologies and cross-border data transfer. The absence of unified approach could hinder Malaysia's efforts to establish itself as a secure and competitive digital economy.

¹⁵² Ministry of Economy (2019). Malaysia Digital Economy Blueprint, page 60. <https://ekonomi.gov.my/sites/default/files/2021-02/malaysia-digital-economy-blueprint.pdf>

4.5.5 Lack of coverage on key players

Certain key players in the identified sub-sectors are not covered by the relevant regulatory framework. For example:

E-commerce (retail marketplace): Merchants on the platform are not obligated to be Suruhanjaya Syarikat Malaysia- (SSM) certified. They can register as individual sellers using a valid personal identification document, which means they are not subject to the Companies Act 2016.

OTAs: While the Tourism Industry Act 1992 mandates licensing for all travel agencies operating in Malaysia, only a few OTAs are licensed as of December 2024¹⁵³:

- Malaysia Airlines Holidays Sdn Bhd
- AirAsia.Com Travel Sdn Bhd
- Global Airlines Holiday Sdn Bhd (airpaz.com)
- Traveloka Sdn Bhd
- BEX Travel Malaysia Sdn Bhd (expedia.com)
- Klook Travel Technology Sdn Bhd
- Ctrip International Travel Malaysia Sdn Bhd (trip.com)

Furthermore, when it comes to policy and roadmap objectives and strategic initiatives, a lack of definition of relevant players has led to low adoption rates of digital adoption especially amongst SMEs and low outreach efficacy of suitable programmes by the responsible agencies. For instance, inadequate clarity regarding the obligations and rights of SMEs in relation to data governance under the PDPA may hinder their ability to comply effectively and leverage support programmes. Examples include the lack of awareness amongst eligible SMEs regarding schemes

¹⁵³ MOTAC (2025). List of travel operating business and travel (TOBTAB). <https://www.motac.gov.my/en/check/tobtab>

such as MSME Digital Grant and Smart Automation Grant under Madani policy¹⁵⁴.

4.5.6 Regulation of foreign participation in unregulated service sector

The “Guidelines on Foreign Participation in Distributive Trade Services in Malaysia 2010” introduced by the Ministry of Domestic Trade and Cost of Living (KPDN)¹⁵⁵, aims to regulate various activities in the distributive trade sector. The guidelines originally required businesses with more than 50% foreign equity to obtain prior approval from KPDN.

However, the 2020 update¹⁵⁶ to the guidelines shifted the approach from mandatory approvals to a more flexible framework, where obtaining KPDN’s approval is now encouraged and recommended rather than strictly mandatory¹⁵⁷. This change potentially allows foreign digital players to operate without formal approval, particularly if they structure their operations to avoid meeting regulatory thresholds that would trigger approval requirements.

This is particularly relevant for digital platform operators who may not have a physical presence in Malaysia but still serve Malaysian consumers.

Additionally, some local businesses can operate in Malaysia without being incorporated locally, which bypasses the Companies Act 2016. This further complicates enforcement and leaves certain sectors unregulated.

¹⁵⁴ The Malaysian Reserve (2024). Are Malaysian SMEs falling behind in the digital age? <https://themalaysianreserve.com/2024/07/10/are-malaysian-smes-falling-behind-in-the-digital-age/>

¹⁵⁵ Ministry of Domestic Trade, Co-operatives and Consumerism (2010). Guidelines on foreign participation in the distributive trade services Malaysia (Amendment) 2010. https://jkt.kpkt.gov.my/wp-content/d/sites/default/files/2022-02/Bil_3_Lampiran_1.pdf

¹⁵⁶ Ministry of Domestic Trade and Consumer Affairs (2020). Guidelines on Foreign Participation in Distributive Trade Services in Malaysia 2020. https://www.kpdnhep.gov.my/ms/images/dokumen/perdagangan/perdagangan-pengedaran/FINAL_GP_2020.pdf

¹⁵⁷ An administrative refresh of the guidelines was published in 2023, with no changes made; Ministry of Domestic Trade and Cost of Living (2023). Guidelines on foreign participation in distributive trade services in Malaysia. <https://www.kpdn.gov.my/images/muat-turun/gp-2022-1.pdf>

MCMC's Application Service Provider Class

Recognising these challenges, regulatory authorities are gradually taking steps to address the challenge of jurisdictional boundaries. For instance, in August 2024, the MCMC introduced a new regulatory framework. This requires selected locally incorporated applications service providers^{158, 159} in the areas of internet messaging (internet messaging service) and social media (content-sharing media platform) with eight million or more registered users to register for an Application Service Provider Class (ASP (C)) License by 1 January 2025. A grace period of five months from the Gazettement date (1 August 2024) was provided to all eligible providers to apply for the license and comply with the requirements. Full effect of the license took place on 1 January 2025.

The move sees selected providers required to comply with the license conditions, CMA 1998 and its subsidiary legislations (licensing regulations, licensing and exemption order and universal service provision regulations) and PDPA 2010¹⁶⁰.

It also allows the government to take proportionate measures based on risk assessments to address online harms, particularly online harms such as scams, cyberbullying, and sexual exploitation of minors. As of December 2024, the Malaysian government identified eight platforms that must obtain a license: WhatsApp, Facebook, Instagram, X, YouTube, Telegram, WeChat, and TikTok¹⁶¹. Additionally, a code of conduct outlining best

¹⁵⁸ Broad definition of “Applications Service Providers” under the CMA 1998 - person who provides an Applications Service.

¹⁵⁹ PDP (2017). The personal data protection code of practice. <https://www.pdp.gov.my/ppdpv1/wp-content/uploads/2024/07/KOD-TATA-AMALAN-PERLINDUNGAN-DATA-PERIBADI-UNTUK-SEKTOR-KOMUNIKASI-ENGLISH-VERSION.pdf>

¹⁶⁰ MCMC (2024). Frequently asked questions (FAQ) on the regulatory framework for internet messaging service and social media service providers in Malaysia, page 3. <https://www.mcmc.gov.my/skmmgovmy/media/General/pdf2/FAQ-for-Regulatory-Framework.pdf>

¹⁶¹ New Straits Times (2024). Govt names 8 platforms that must obtain license. <https://www.nst.com.my/news/nation/2024/12/1150721/govt-names-8-platforms-must-obtain-licence>

practices was published¹⁶² on 20 December 2024, following the public consultation report on the draft code released on 18 December 2024¹⁶³, and a public consultation session held in October 2024¹⁶⁴. The code will undergo periodic reviews to ensure its relevance and effectiveness in addressing emerging online issues¹⁶⁵.

As of 10 March 2025, three service providers have been successfully registered under the ASP(C) licence regime, namely (1) WeChat, (2) TikTok and (3) Telegram. According to MCMC, X is not required to register as its number of Malaysian users does not meet the 8 million user threshold stipulated under the regulatory framework. YouTube has contested its classification, highlighting that it functions primarily as a video-sharing platform, not a social media service¹⁶⁶.

In the case of Facebook, WhatsApp and Instagram, a ministerial notice pursuant to subregulation 23(2) of the Communications and Multimedia (Licensing) Regulations 2000 has been issued on 28 January 2025. The notice permits the two foreign companies under Meta to apply for registration as ASP(C) licensees. As of June 2025, the companies are in the process of preparing and submitting the required documents and information¹⁶⁷.

In view of the rapid evolution of technology and increasing convergence of digital services, MCMC further noted that it may expand the scope of the Regulatory Framework under the CMA 1998 to other services in the future. Naturally, prior to any such expansion, a comprehensive study taking into

¹⁶² MCMC (2024). Code of conduct (best practice) for internet messaging service providers and social media service providers. https://www.mcmc.gov.my/skmmgovmy/media/General/Resources/MCMC_Code-of-Conduct-Best-Practice-for-Service-Providers.pdf

¹⁶³ MCMC (2024). Public consultation report on the draft code of conduct (best practice) for internet messaging service providers and social media service providers. https://www.mcmc.gov.my/skmmgovmy/media/General/PressRelease/MCMC_Public-Consultation-Report-on-Draft-Code-of-Conduct-Best-Practice-for-Service-Providers-18122024.pdf

¹⁶⁴ Malaysia Kini (2024). MCMC releases social media code of conduct public consultation report. <https://www.malaysiakini.com/news/729345>

¹⁶⁵ The Star (2024). MCMC publishes code of conduct for internet and social media providers. <https://www.thestar.com.my/news/nation/2024/12/20/mcmc-publishes-code-of-conduct-for-internet-and-social-media-providers>

¹⁶⁶ Written response from MCMC.

¹⁶⁷ Written response from MCMC.

consideration existing legal frameworks, jurisdictional boundaries, risk assessment and potential impact on the broader digital ecosystem will take place¹⁶⁸.

As Malaysia continues to navigate the complexities of the digital economy, it is essential for regulators, businesses, and other stakeholders to collaborate in creating a competitive, fair and secure digital environment that benefits all Malaysians. Thus, addressing these regulatory gaps, enhancing cooperation among regulatory bodies, and focusing on the regulation of emerging technologies will further strengthen the framework, ensuring it remains robust and responsive to the dynamic digital landscape.

¹⁶⁸ Written response from MCMC.

4.6 Digital economy-related taxation

Taxation of digital economy companies in Malaysia is governed by four main regimes:

Table 11: Digital economy-related tax regimes in Malaysia

Tax	Applicable party	Rate as of June 2025	Responsible ministry/agency
Service tax on digital services (SToDS) ¹⁶⁹	<ul style="list-style-type: none"> Foreign digital service providers with > MYR 500,000 annual sales to Malaysian consumers (known as Foreign Registered Person - FRP) 	8%	Royal Malaysian Customs Department (RMCD)
Withholding tax ¹⁷⁰ (WHT)	<ul style="list-style-type: none"> Malaysian businesses paying non-resident entities or individuals (e.g., foreign companies). Payments specified to following areas only: <ul style="list-style-type: none"> Contract payments: services performed outside Malaysia under contract Interest payments Royalty payments: Intellectual Property (IP) rights, software, and digital advertising 	10-15%	LHDN

¹⁶⁹ RMCD (2025). MySToDS. <https://mystods.customs.gov.my/about-mystods>; RMCD (2018). Service tax (Rate of digital services tax) (Amendment) order 2024. <https://mystods.customs.gov.my/storage/app/media/pdf/legislation/7-pua-67-2024-service-tax-rate-of-digital-services-taxamendment-2024.pdf>

¹⁷⁰ LHDN (2025). Withholding tax. <https://www.hasil.gov.my/en/legislation/withholding-tax/>

Tax	Applicable party	Rate as of June 2025	Responsible ministry/agency
	<ul style="list-style-type: none"> – Special classes of income: Services, technical advice, or rental of movable property performed in Malaysia – Non-resident public entertainers: Remuneration paid to public entertainers – Others: All other payments to non-resident individuals) 		
Sales & service tax (SST) ¹⁷¹	<ul style="list-style-type: none"> • Service: applies to imported B2B services if not already covered under SToDS • Sales: applies to imported digital goods (e.g., electronics) or digital hardware. 	5-10%	RMCD
Sales tax - Low Value Goods (LVG) ¹⁷²	<ul style="list-style-type: none"> • Foreign sellers of imported goods < MYR 500 per shipment to Malaysian consumers (sold online and delivered via land, sea or air mode) 	10%	

Source: MyCC analysis

¹⁷¹ RMCD (2025). FAQs services tax. <https://mysst.customs.gov.my/FAQServicesTax>; RMCD (2025). Guidelines for the transition of sales tax rate changes effective on 1 July 2025. <https://mysst.customs.gov.my/assets/document/Industry%20Guides/GI/GUIDELINES%20FOR%20THE%20TRANSITION%20OF%20SALES%20TAX%20RATE%20CHANGES.pdf>

¹⁷² RMCD (2023). Sales tax on low value goods. <https://mylvg.customs.gov.my/Home?utm>

While the overall framework is comprehensive, including provisions for cross-border transactions, several broad issues are observed:

4.6.1 Unclear enforcement

While Malaysia has legislated digital tax rules through mechanisms such as the SToDS, enforcement remains unclear, especially against non-resident digital platforms. As of 2021, there are no reported SToDS-related matters¹⁷³.

Foreign service providers with no physical presence in Malaysia can choose to not comply with local tax obligations, knowing enforcement is logistically difficult. Should this occur, this will leave local businesses the burden to absorb the tax.

At present, voluntary registration remains the primary compliance approach for foreign service providers. In cases of non-compliance, experts have recommended that authorities to block access to non-compliant platforms through Internet Protocol (IP) restrictions as a potential enforcement measure¹⁷⁴.

4.6.2 SME compliance

SMEs may face complex and fragmented compliance obligations, dealing with multiple layers of indirect taxes: SToDS (paid by foreign vendors), withholding tax (borne by SMEs), and SST (on local services). Many SMEs may lack the internal tax expertise or financial capacity to correctly classify digital transactions, determine taxability, and manage cross-border withholding and service tax obligations¹⁷⁵.

¹⁷³ International Tax Review (2021). The evolving world of Malaysia's digital services tax <https://www.internationaltaxreview.com/article/2a68rfy5bw2ycq1zyexto/the-evolving-world-of-malaysias-digital-services-tax>

¹⁷⁴ The Edge (2019). The state of the nation: The digital tax conundrum. <https://theedgemaalaysia.com/article/state-nation-digital-tax-conundrum>

¹⁷⁵ Business Today (2024). SMEs warned of tax compliance issues amid digital waves. <https://www.businesstoday.com.my/2024/12/08/smes-warned-of-tax-compliance-issues-amid-digital-waves>

4.6.3 Profit taxation gap

Despite the introduction of indirect tax mechanisms such as the SToDS and WHT, Malaysia currently lacks a direct tax regime that effectively captures the profits earned by foreign digital companies from Malaysian consumers. Under existing income tax framework, a non-resident entity is only subject to Malaysian income tax if it has a permanent establishment (PE) in the country¹⁷⁶.

To address this gap, Malaysia has joined the global tax reform effort under the OECD's Base Erosion and Profit Shifting (BEPS) 2.0 initiative¹⁷⁷, which consists of two pillars:

- **Pillar One** aims to reallocate taxing rights to market jurisdictions, allowing countries to tax a share of the profits of large multinational enterprises, even if those companies have no physical presence in the country. As of June 2025, Malaysia has yet to enact legislation to implement Pillar One's digital nexus and profit reallocation rules.
- **Pillar Two** introduces a global minimum effective tax rate of 15% for large MNEs (those with annual global revenues exceeding EUR 750 million¹⁷⁸) to discourage profit shifting to low- or no-tax jurisdictions. As of January 2025, Malaysia has implemented the Global Minimum Tax (GMT) regime, reflecting the core elements of Pillar Two¹⁷⁹.

¹⁷⁶ LHDN (2025). Non-resident company. <https://www.hasil.gov.my/en/company/non-resident-company/>

¹⁷⁷ OECD (2025). Base erosion and profit shifting (BEPS). <https://www.oecd.org/en/topics/policy-issues/base-erosion-and-profit-shifting-beps.html>

¹⁷⁸ OECD Pillars (2023). Minimum tax implementation handbook (Pillar Two), page 9. <https://www.oecd.org/content/dam/oecd/en/topics/policy-sub-issues/global-minimum-tax/minimum-tax-implementation-handbook-pillar-two.pdf>

¹⁷⁹ LHDN (2025). What is Malaysia's position on GloBE Rules? <https://www.hasil.gov.my/en/international/global-minimum-tax-gmt/what-is-malaysia-s-position-on-gmt/>

4.7 Malaysia's digital economy and competition

Similar to the global landscape, anti-competitive cases and allegations are on the rise in Malaysia. Since 2023, a number of public complaints were raised to MyCC, of which majority is related to unfair trading conditions on suppliers and customers, such as inability to choose courier providers, unreasonably withholding or releasing money, and unfair operational policies.

Additionally, complaints related to limiting market access such as restricting users who favour overseas sellers in e-commerce and restricting access to the platform despite having required documentation were raised.

Aside from public complaints, various formal allegations and actions have been taken in recent years:

Table 12: Digital economy-related anti-competition cases in Malaysia

#	Year	Relevant sub-sector	Parties	Details
1	2015	Online trade	<ul style="list-style-type: none"> • MyCC • Dagang Net 	<p>MyCC investigated and found that Dagang Net had abused its dominant position in the provision of trade facilitation services in Malaysia under the National Single Window (NSW) system. The abuse involved imposing an exclusivity clause in the MyChannel Partner Agreement (MCPA) with software providers over 2015 - 2016, preventing them from providing similar services for the upcoming uCustoms system and by refusing to supply electronic mailboxes to non-complaint end users.</p> <p>In the end, the MyCC, pursuant to section 40(4) of the Competition Act 2010 imposed a financial penalty of MYR 12,878,094.97 (later reduced to MYR 10,302,475.98 in consideration of COVID-19) for an infringement period of October 2015 to November 2017. It also directed Dagang Net to cease its anti-competitive practices and required its directors and senior management executives to enrol in a competition law compliance program¹⁸⁰.</p>

¹⁸⁰ MyCC (2024). Case. <https://www.mycc.gov.my/case>

#	Year	Relevant sub-sector	Parties	Details
2	2016	Government services	<ul style="list-style-type: none"> • MyCC • MyEG 	<p>MyCC found MyEG guilty of abusing their dominant position in the sale of mandatory insurance for online <i>Pas Lawatan Kerja Sementara</i> (PLKS) renewal applications in Peninsular Malaysia by imposing different conditions on equivalent transactions, thereby harming competition in the downstream market for such insurances.</p> <p>MyEG made it mandatory for employers to purchase Foreign Workers Insurance Guarantee (FWIG) through its platform and induced them to buy other mandatory insurances from MyEG by creating additional steps and delays for those who chose other insurers. This led to significant increase in MyEG's market share and commissions, putting competitors at a disadvantage.</p> <p>As a result, MyEG was fined a total of MYR 9,644,700 and directed to cease these anti-competitive practices immediately, provide an efficient gateway for all competitors within 60 days, and comply with General Insurance Association of Malaysia's (PIAM) rules and regulations or risk paying higher penalties¹⁸¹.</p>

¹⁸¹ MyCC (2024). Case. <https://www.mycc.gov.my/case>

#	Year	Relevant sub-sector	Parties	Details
3	2021	E-commerce (retail marketplace)	<ul style="list-style-type: none"> • The Federation of Malaysian Consumers Associations (FOMCA) • Consumers' Association of Penang (CAP) • MyCC • Shopee 	<p>In 2021, FOMCA and CAP urged MyCC to investigate Shopee for allegedly offering MYR 3,000 in vouchers to sellers for discounts on service fees to close their Lazada stores during the 9/9 sale event, arguing that this stifles competition and unfairly attracts sellers to Shopee.</p> <p>The allegations were based on a leaked WhatsApp conversation from 2020¹⁸².</p>
4	2022	E-commerce (retail marketplace)	<ul style="list-style-type: none"> • MyCC • Shopee 	<p>MyCC engaged with Shopee in response to escalating complaints from consumers and merchant's about Shopee's practices concerning dissatisfaction with its first and last mile delivery services. The engagement aimed to gain a better understanding of the online marketplace and logistics industries and to inquire into Shopee's practices that raised concerns.</p>

¹⁸² FOMCA (2021). Consumer groups call on MyCC to probe e-commerce giant. <https://www.fomca.org.my/v1/index.php/fomca-di-pentas-media/fomca-di-pentas-media-2021-21/1350-consumer-groups-call-on-mycc-to-probe-e-commerce-giant>

#	Year	Relevant sub-sector	Parties	Details
				<p>Shopee was required to justify its conduct and provide a detailed plan by the end of October 2022 on how it will address these issues without further jeopardising user interests.</p> <p>This has led to MyCC to continue monitoring other industry players in the relevant market and consider enforcing legal action if necessary to ensure a conducive environment for users in the digital economy¹⁸³.</p>

Source: MyCC and FOMCA

¹⁸³ MyCC (2022). Shopee to respond to MyCC's enquiries. <https://www.mycg.gov.my/sites/default/files/pdf/newsroom/NEWS%20RELEASE%20-%20SHOPEE%20TO%20RESPOND%20TO%20MyCC%E2%80%99S%20ENQUIRIES.pdf>

On data privacy and protection-related cases, several recent accounts of data breach allegations and investigations (data protection related) in Malaysia have been made over the past few years including:

Table 13: Data privacy and protection-related cases in Malaysia

#	Year	Relevant sub-sector	Parties	Details
1	2022	E-commerce (retail marketplace)	<ul style="list-style-type: none"> Shopee online user 	An online user claimed that there were various listings on Shopee offering personal data for sale. One listing allegedly offered a million phone numbers for MYR 18, while another offered phone numbers of ‘online shopping addicts’ for MYR 15, among several others. Shopee had responded and stated that it is planning to take action against these sellers and has removed and blacklisted these listings as a start ¹⁸⁴ .
2	2022	E-commerce (C2C marketplace)	<ul style="list-style-type: none"> Carousell Online users 	Around 2.6 million Carousell users from Malaysia and Singapore were subjected to a data breach where the stolen data was sold online for USD 1,000. Information relating to usernames, full names, email addresses, phone numbers, and more were publicly listed posted online by the hackers.

¹⁸⁴ The Star (2024). Netizens express concern over online sales of Malaysian phone numbers (Updated with Shopee’s response). <https://www.thestar.com.my/tech/tech-news/2022/03/18/netizens-express-concerns-over-online-sales-of-malaysian-phone-numbers>

#	Year	Relevant sub-sector	Parties	Details
				As a result, Carousell contacted all affected users and advised them to look for phishing emails or Short Message Service (SMSes) and to ignore any communications that request for sensitive information ¹⁸⁵ .
3	2022	Payment gateway	<ul style="list-style-type: none"> • iPay88 • Online users 	<p>Payment gateway iPay88 for e-commerce and retail encountered a cybersecurity incident after its customers' card data from online transactions was compromised.</p> <p>As a result, banks were notified to immediately notify affected cardholders of the additional protective measures that will be taken to further protect them against risks of fraudulent or unauthorised transactions¹⁸⁶.</p>

Source: MyCC, The Star, Malay Mail and The Straits Times

¹⁸⁵ The Straits Times (2022). Data of alleged 2.6m Carousell users being sold on Dark Web, hacking forums. <https://www.straitstimes.com/singapore/data-of-alleged-26m-carousell-accounts-being-sold-on-dark-web-hacking-forums>

¹⁸⁶ Malay Mail (2022). Major data breaches in Malaysia in the past 24 months. <https://www.malaymail.com/news/malaysia/2022/12/31/major-data-breaches-in-malaysia-in-the-past-24-months/47722>

5. Sub-sector deep dive

5.1 E-commerce (retail marketplace)

5.1.1 Study scope¹⁸⁷

Two key boundaries define the sub-sector in this study:

Retail marketplace: A marketplace is an online platform that connects different groups of people, mainly buyers and sellers, allowing them to interact and conduct transactions. Marketplaces have three key features that make them effective. First, they function as multi-sided platforms, meaning they bring together many buyers and sellers in one place. Buyers can browse and purchase products from various sellers, while sellers gain access to a large pool of potential customers.

Second, marketplaces benefit from network effects. This means that as more people use the platform, its value increases. When more sellers join, buyers have more choices, which attracts even more buyers. In turn, the growing number of buyers encourages more sellers to sign up. Over time, this cycle helps the marketplace grow and become more attractive, making it harder for users to leave and increasing the platform's stickiness. A large user base also allows the platform to introduce new features and improve services, further enhancing the user experience.

Third, marketplaces provide various services to support transactions, such as payment processing, customer reviews, and logistics management. These features make it easier and safer for buyers and sellers to do business.

This study excludes platforms primarily focused on services, such as ride-sharing or food delivery (e.g., Grab, Foodpanda), as well as online classified platforms like Facebook Marketplace, where users list items and transactions typically occur off-platform. Additionally, while it is recognised that consumers often also shop at physical retail stores as alternative

¹⁸⁷ The scope and market boundaries described are established solely for the purposes of this study and do not represent MyCC's conclusive position on the definition of the relevant market or sub-sector.

purchasing channels, offline transactions are outside the scope of this study.

Format: E-commerce takes various forms and can be categorised into:

- Business-to-Consumer (B2C): Businesses sell goods or services directly to individual consumers.
- Business-to-Business (B2B): Businesses sell goods or services to another business.
- Consumer-to-Consumer (C2C): Consumers sell goods or services directly to other consumers.

This study focuses exclusively on the B2C model, specifically B2C e-commerce marketplaces. These are digital platforms where multiple independent sellers offer goods such as electronics, clothing, and household items directly to consumers. They facilitate online transactions and offer a variety of product categories. Unlike physical retail stores that sell their own inventory, online marketplaces act as intermediaries that connect buyers and sellers. This scope reflects observed patterns of online shopping activity, with B2C marketplaces playing a prominent role relative to other online channels as indicated by MyCC's consumer survey.

Online marketplaces are different from classified ad platforms like Lelong, Mudah.my, or Facebook Marketplace, where users list items for sale, and transactions often happen directly between buyers and sellers outside the platform. In contrast, B2C marketplaces require that transactions be completed through the platform, ensuring better visibility and security for both parties.

The activities of the e-commerce (marketplaces) sub-sector impact the following Malaysia Standard Industrial Classification (MSIC) industries:

Table 20: MSIC codes relevant to the e-commerce (retail marketplace) sub-sector

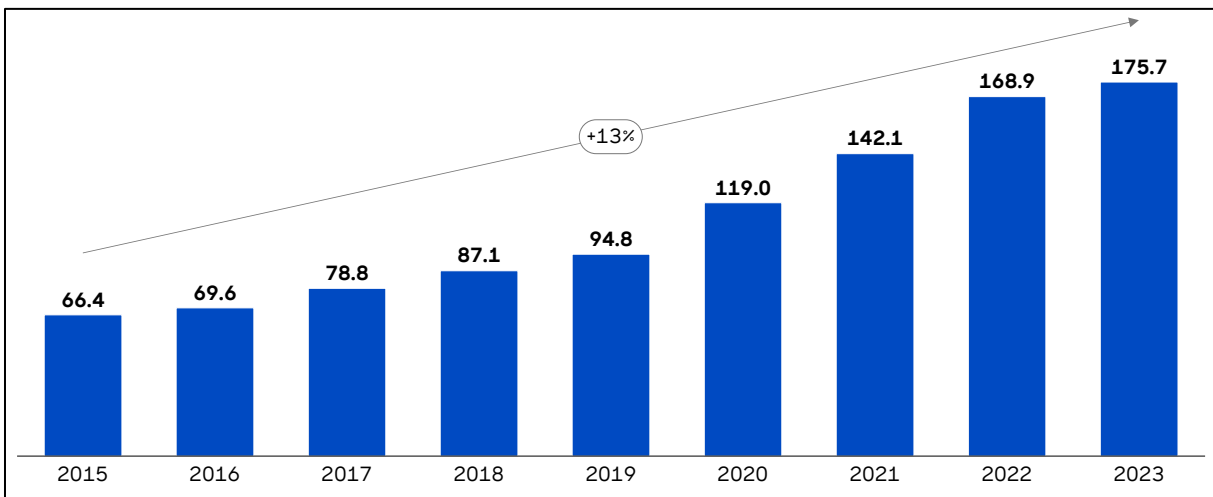
MSIC Code	MSIC Industry Description
47911	Retail sale of any kind of product by mail order
47912	Retail sale of any kind of product over the internet
47914	Internet retail auctions
53100	National postal services
53200	Courier activities other than national postal services

Source: MSIC

5.1.2 Market structure and supply chain

5.1.2.1 Market structure (Overall)

Figure 24: Market size of e-commerce retail market (by transaction value), 2015-2023 [MYR billion]¹⁸⁸



Source: DOSM

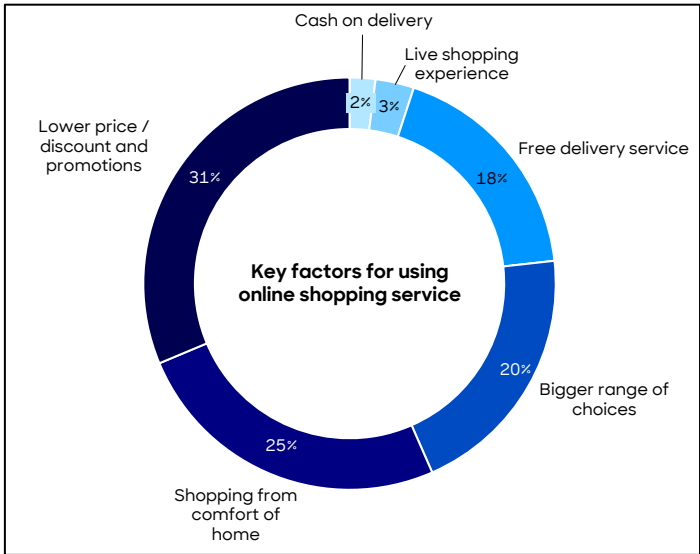
By 2023, Malaysia’s e-commerce market size reached MYR 175.7 billion, reflecting a robust trajectory from MYR 66.4 billion in 2015. This represents a CAGR of approximately 13% over the nine-year period. This growth is largely driven by rising internet penetration and widespread mobile connectivity. In 2025, approximately 98% of Malaysia's population, or 34.9 million people, were active internet users, further fuelling the expansion of the e-commerce sector¹⁸⁹.

Another key driver of the growth of e-commerce has been the COVID-19 pandemic. Following the Movement Control Order (MCO), a set of strict lockdown measures imposed by the Malaysian government to curb the spread of COVID-19 at the onset of the pandemic, Malaysians increasingly

¹⁸⁸ DOSM (2023). Malaysia digital economy 2024, page 127. https://storage.dosm.gov.my/gdp/digitaleconomy_2023.pdf
¹⁸⁹ DataReportal (2025). Digital 2025: Malaysia, page 29. <https://datareportal.com/reports/digital-2025-malaysia>

turned to online platforms for purchasing daily essentials¹⁹⁰ and have become accustomed to this shift. According to MCMC¹⁹¹, there was a reported increase of 30-70% of internet traffic during the lockdown period. Changes in behaviour, such as working from home, have also created more opportunities for e-commerce marketplaces.

Figure 25: Consumer’s key factors for using online shopping service, 2024
[%]



Source: Maybank Research Pte Ltd

Recent findings¹⁹² highlight convenience, affordability, and accessibility as the main drivers of online shopping adoption. The top three factors being lower prices, discounts, and promotions (31%), followed by the convenience of shopping from home (25%), and the wide product selection range (20%).

The expansion of the e-commerce marketplace is further supported by the growing popularity of online shopping events, such as Singles’ Day 11.11, 9.9 Super Shopping Day, Super Brand Day and Lazada Birthday Sale,

¹⁹⁰ International Journal on Recent Trends in Business and Tourism (2021). Impact of COVID-19 on Malaysian e-commerce, page 8. <https://ejournal.lucp.net/index.php/ijrtbt/article/view/1464/1658>

¹⁹¹ MCMC (2020). National Digital Infrastructure Lab Report, page 1. <https://www.mcmc.gov.my/skmmgovmy/media/General/pdf/NDIL-Report.pdf>

¹⁹² Maybank Research Pte Ltd (2024). ASEAN internet, page 5. [https://www.sg-gems.sg/assets/report/1.%20Others%20-%20ASEAN%20Internet%20\(Maybank\).pdf](https://www.sg-gems.sg/assets/report/1.%20Others%20-%20ASEAN%20Internet%20(Maybank).pdf)

12.12 Grand Year End Sale. These events have become significant catalysts for consumer spending and engagement in online platforms. Popular categories include electronics, beauty and personal care, apparel and footwear, as well as toys and games, indicating a diverse range of consumer interests.

Figure 26: Online shopping events by Lazada and Shopee



Source: Lazada and Shopee

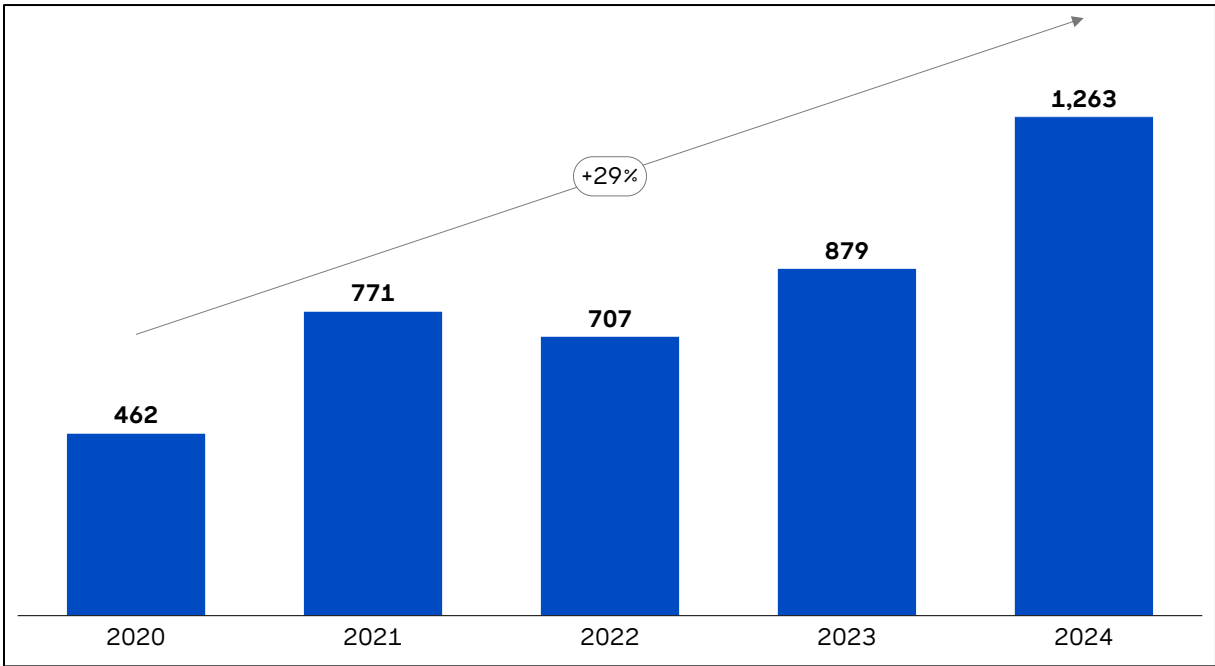
The sector is poised for continued expansion, driven in part by the launch of the second National E-commerce Strategic Roadmap (NESR 2.0) in 2021, which spans from 2021 to 2025. This initiative builds on the success of NESR 1.0, which ran from 2017 to 2020 and was led by the National E-commerce Council (NeCC). The NeCC has since been succeeded by a NESR Taskforce under NESR 2.0, which continues to oversee and drive the implementation of e-commerce strategies.

Furthermore, the Ministry of Digital has proposed the creation of a Digital Trust and Data Safety Commission in the first half of 2025¹⁹³. This commission aims to build consumer confidence in online transactions by protecting sensitive information such as personal details (e.g., name, address, phone number) and financial data (e.g., credit card details, transaction history). Ensuring the safety of this information is important, as it helps prevent fraud and identity theft, making consumers feel more secure when shopping online.

¹⁹³ Bernama (2024). Proposal to set up a digital trust and data safety commission in the first half of 2025. <https://www.bernama.com/en/news.php?id=2355787>

5.1.2.2 Market structure (Logistics or delivery partners’ development)

Figure 27: Total market delivery volume, 2020-2024 [million]¹⁹⁴



Source: MCMC

The rapid expansion of the e-commerce sector underscores the critical role of efficient logistic and delivery services in shaping customer experience and operational success. Between 2020 and 2024, the sector recorded a CAGR of 29%.

However, Malaysia’s logistics infrastructure limitations, particularly the insufficient connectivity between ports and warehouses, have been a hindrance¹⁹⁵. High logistics costs are a pressing concern with 77.8% of surveyed Malaysian enterprises identifying this as the primary challenge for cross-border e-commerce. The cost escalation is largely due to infrastructure shortages, including containers and port facilities. For instance, sea freight costs from Malaysia to New York surged by 771.8% during the pandemic period, marking an unprecedented rise. Additionally,

¹⁹⁴ Written input from industry players.

¹⁹⁵ The Malaysian Reserve (2023). Malaysia navigates through supply chain upheaval. <https://themalaysianreserve.com/2023/01/30/malaysia-navigates-through-supply-chain-upheaval/>

Port Klang, reported a congestion rate of 55.8%, 26.7% above the global median, further straining supply chain productivity¹⁹⁶.

This disruption hampers the timely movement of goods from entry points to fulfilment centres, resulting in delays in inventory replenishment, increased operational costs, and customer dissatisfaction. The World Bank's 2023 Logistics Performance Index (LPI) ranks Malaysia 26th, up from 41st in 2018¹⁹⁷, indicating progress but highlighting the need for further improvements in infrastructure connectivity.

Moreover, the Malaysia freight and logistic market is projected to reach USD 28 billion in 2024, with a CAGR of 5.25% to USD 38.28 billion by 2030¹⁹⁸, reflecting the growing demand for efficient logistics services.

In 2020, the Cainiao Aeropolis eWTP Hub (a Joint Venture (JV) between Malaysia Airports and Alibaba's Cainiao Smart Logistics Network signed in 2018), was introduced as a strategic solution to address some of these challenges. Located within Kuala Lumpur International Airport's (KLIA) Free Commercial Zone, this expansive 60-acre hub is set to establish KLIA as a major ASEAN distribution gateway¹⁹⁹. It features 1.1 million square feet of warehouse space and aims to increase cargo volume capacity by 700,00 metric tonnes by 2029, significantly bolstering logistics capabilities in Malaysia.

Through advanced automation, AI, and value-added services like light manufacturing. The Cainiao hub thus helps tackle infrastructure bottlenecks, supporting timely inventory movement and boosting SME

¹⁹⁶ Deloitte (2021). Technology-empowered digital trade in Asia Pacific, page 36. <https://www2.deloitte.com/content/dam/Deloitte/cn/Documents/technology-media-telecommunications/deloitte-cn-tmt-deloitte-launches-technology-empowered-digital-trade-in-asia-pacific-report-en-211214.pdf>

¹⁹⁷ Malaysian Investment Development Authority (2023). Malaysia jumps 15 ranks in World Bank Logistics Index <https://www.mida.gov.my/mida-news/malaysia-jumps-15-ranks-in-world-bank-logistics-index/>

¹⁹⁸ Mordor Intelligence (2025). Malaysia freight and logistics market size & share analysis - growth trends & forecasts up to 2030. <https://www.mordorintelligence.com/industry-reports/malaysia-freight-logistics-market-study>

¹⁹⁹ KLIA Aeropolis (2020). Malaysia airports and Alibaba announce operation commencement of Cainiao Aeropolis eWTP Hub, Malaysia. <https://www.aeropolis.com.my/media-centre/news-events/malaysia-airports-and-alibaba-announce-operation-commencement-cainiao>

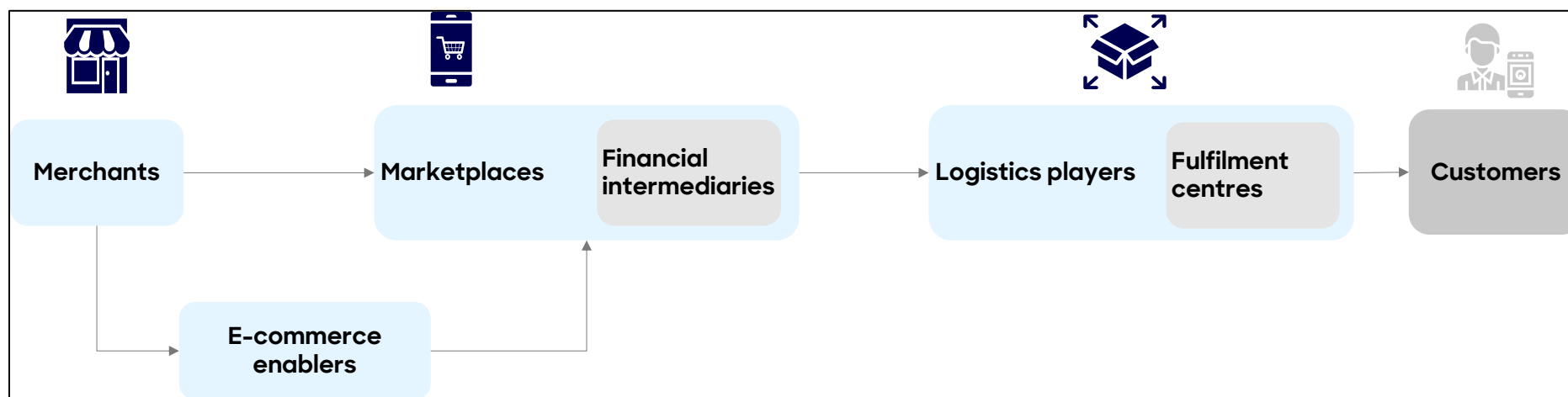
competitiveness in Malaysia's digital economy. By enhancing last-mile delivery capabilities with partners such as GDEX and Pos Laju, it contributes to a logistics network that can better meet the demands of a growing e-commerce market²⁰⁰.

²⁰⁰ Airfreight Logistics (2020). Malaysia airports and Alibaba launch Cainiao Aeropolis eWTP Hub. <https://airfreight-logistics.com/malaysia-airports-and-alibaba-launch-cainiao-aeropolis-ewtp-hub/>

5.1.2.3 Supply chain

The sub-sector's supply chain comprises several critical participants: merchants, marketplaces and logistics players. Each contributing to the overall functionality, efficiency and success of the ecosystem:

Figure 28: Supply chain of the e-commerce (retail marketplace) sub-sector²⁰¹



Source: Interaction with industry players and MyCC analysis

²⁰¹ MyCC's analysis and interaction with industry players.

Merchants: Serve as the primary providers of goods, curating and supplying products for online consumers. Merchants can be broadly categorised into two categories:

- **Individual merchants:** An individual without a formal business structure offering goods for sale.
- **Corporate merchants:** A company, corporation, or organisation offering goods for sale, consisting of three sub-categories:
 - **Small to medium:** Small-to medium scale businesses with limited product offering.
 - **Large:** Established, often corporate-level, merchants who run larger operations. Can be either major brands or authorised distributors.
 - **International:** Merchants who are based outside of Malaysia.

To expand market reach, many establish a presence across multiple online marketplaces, leveraging diverse distribution channels to boost visibility and consumer access. In addition to the features provided by the e-commerce platforms, merchants also deploy their own marketing strategies to drive traffic and increase sales. These strategies often include running paid ads on external platforms like social media (e.g., Facebook, Instagram), search engines (e.g., Google Ads), and collaborating with influencers. By using these methods, merchants can attract more consumers to their stores, whether on a marketplace or their own website, improving visibility and customer engagement.

In terms of merchant activity, two distinct operational statuses are observed in marketplaces:

- **Active sellers:** Merchants who demonstrate transactional or commercial activity within a defined period, typically evidenced by receiving paid orders or maintaining live product listings available for purchase.

- **Passive sellers:** Merchants who maintain a registered presence on an online platform but lack recent transactions or have inactive product listings, effectively limiting their market participation.

E-commerce enablers: Provide end-to-end solutions that support merchants in establishing and scaling their online businesses. It is an option for merchants to choose them as intermediaries to help facilitate e-commerce transactions. By leveraging their expertise, merchants can optimise their operations, enhance their competitiveness across multiple e-commerce platforms and scale efficiently without requiring significant in-house digital expertise.

In Malaysia, e-commerce enablers cater to businesses of various sizes, from SMEs to large enterprises, by offering tailored solutions that streamline online retail operations. Key service offerings include:

- **Store management:** Assisting merchants with product listing, pricing strategies, and online storefront optimisation on multiple marketplaces.
- **Digital marketing:** Implementing performance-driven marketing strategies, including paid advertisements, search engine optimisation (SEO), and influencer collaborations.
- **Fulfilment services:** Managing warehousing, inventory tracking, order processing, and last-mile delivery.
- **Customer support:** Providing post-sale services such as live chat support, return management, and consumer engagement strategies.
- **Data analytics & insights:** Offering data-driven insights to help merchants refine their sales strategies and improve conversion rates.

Key enablers in Malaysia include Commerce.Asia and Momentum Commerce.

Marketplaces: Act as digital platforms that facilitate interactions between merchants and consumers, essentially serving as intermediaries by hosting a broad range of merchants and products. Their business model focuses on driving traffic, enhancing consumer engagement and optimising conversion rates. Additionally, they leverage advanced algorithms for personalised recommendations and data-driven strategies to maximise profitability. In Malaysia, B2C platforms are further categorised based on the stake ownership and incorporation status:

- **Locally owned and incorporated:** Platforms that are owned by local entities and incorporated within Malaysia (e.g., PGMall).
- **Foreign owned but locally incorporated:** Platforms that are owned by foreign entities but operate as locally incorporated companies in Malaysia (e.g., Shopee, Lazada, TikTok Shop).
- **Foreign owned and not incorporated:** Platforms that are owned by foreign entities and operate in Malaysia without being locally incorporated (e.g., Temu, Shein).

To facilitate seamless consumer payments processes, marketplaces typically integrate their platforms with a range of financial intermediaries.

Financial intermediaries: Facilitate transactions between merchants and consumers on e-commerce platforms. These intermediaries play a role in enabling various payment methods to cater to diverse consumer preferences. Financial intermediaries can be external or internal:

- **External financial intermediaries²⁰²:**
 - **Merchant acquirer:** Provides the link between the users of payment instruments to the merchants to enable the purchase of goods or services²⁰³. This includes both direct integration

²⁰² Bank Negara Malaysia (2025). List of regulatees. <https://www.bnm.gov.my/list-of-regulatees>

²⁰³ Bank Negara Malaysia (2021). Policy document on merchant acquiring services, page 1. https://www.bnm.gov.my/documents/20124/943361/PD_Merchant_Acquiring_Services.pdf

with banking institutions (e.g. Maybank2u, CIMB Clicks), and licensed non-bank payment gateways such as iPay88 and Razer Merchant Services (RMS).

- **Payment system operator (PSO):** Responsible for the processing, clearing, and settlement of real-time payment transactions ²⁰⁴ . Payments Network Malaysia (PayNet) facilitates online banking transactions such as FPX, enabling users to directly pay from their respective bank accounts.
- **E-money issuers (non-bank):** E-money issuers enable digital payments by providing users with stored-value instruments such as e-wallets, which can be used for online purchases within e-commerce platforms as Touch 'n Go eWallet, GrabPay and Boost.
- **Payment instrument issuer:** Debit and credit card issuers, commonly licensed financial institutions such as Maybank, CIMB, and Public Bank, provide users with payment cards that enable direct deduction from users' bank accounts, while credit cards offer deferred payment with the option for instalment plans.
- **Cash payment agent / cash intermediary:** Facilitate offline payment for online purchases, serving consumers without access to digital payment methods. Some e-commerce platforms also allow consumers to pay by cash over the counter at convenience stores such as 7-Eleven and KK Mart²⁰⁵.
- **Non-bank credit provider:** Non-bank credit providers offer alternative financing solutions through Buy-Now-Pay-Later (BNPL) schemes that enable purchases to be made on

²⁰⁴ Bank Negara Malaysia (2022). Payment system operator policy document, page 1. <https://www.bnm.gov.my/documents/20124/943361/PD-PSO-22122022.pdf>

²⁰⁵ Shopee (2025). [Cash Payment] What is cash payment at physical stores. [https://help.shopee.com.my/portal/4/article/78931-\[Cash-Payment\]-What-is-Cash-Payment-at-Physical-Stores](https://help.shopee.com.my/portal/4/article/78931-[Cash-Payment]-What-is-Cash-Payment-at-Physical-Stores); Lazada (2024). Kaedah pembayaran Lazada. <https://helpcenter.lazada.com.my/s/faq/knowledge?questionId=1000141823&categoryId=1000026938&language=ms>

deferred or instalment-based payment terms. An example is Atome, which partners with e-commerce platforms such as TikTok Shop to facilitate instalment-based checkout options²⁰⁶.

- **Internal financial intermediaries:**

- **E-money issuers (non-bank):** Digital wallets that offer a cashless payment experience, enabling consumers to store funds electronically and make payments. Examples include Shopee Pay and Lazada Wallet, which are integrated into their respective marketplaces.
- **Non-bank credit provider:** This category is similar to external financing intermediaries but specifically refers to platforms offered by marketplaces, such as SPayLater (Shopee)²⁰⁷, TikTok PayLater (TikTok)²⁰⁸ and LazPayLater (Lazada)²⁰⁹. Specifically, for SPayLater, merchants receive the full payment upfront and are not charged any additional fees when customers choose this payment option²¹⁰.

Logistics players: Responsible for the movement and storage of goods. They transport products from fulfilment centres to consumers while managing tracking and last-mile delivery. Some logistics players also operate fulfilment centres, which are specialised warehouses designed for inventory storage, order processing and shipping.

Within the marketplace, two key types of logistics players exist:

²⁰⁶ TikTok (2023). Atome Buy Now Pay Later (BNPL) x TikTok Shop Malaysia. https://seller-my.tiktok.com/university/essay?knowledge_id=6273713708877569&default_language=en&identity=1

²⁰⁷ Shopee (2025). About SPayLater. <https://shopee.com.my/m/About-SPayLater?previousPage=other%20articles>

²⁰⁸ TikTok (2025). TikTok PayLater. https://seller-my.tiktok.com/university/essay?knowledge_id=1243424507447056&default_language=en&identity=1

²⁰⁹ Lazada (2024). Lazada PayLater - Application. https://helpcenter.lazada.com.my/s/faq/knowledge?&m_station=BuyerHelp&questionId=1000142069&hybrid=1&categoryId=1000026941

²¹⁰ Input from IDI.

- **Third-Party logistics (3PL) providers:** External logistics firms such as J&T, Flash Express, Ninja Van that support a marketplace's logistics and supply chain needs. They offer a range of services, including warehousing, transportation, order fulfilment, inventory management and distribution.
- **Integrated logistics players:** Logistics arms of marketplaces (e.g., SPX, LEX), with service offerings similar to those of 3PL providers but can be more cost-effective due to their full integration into the marketplace. Due to its integration, customers/merchants can also easily track shipments through in-app features and seller centres.

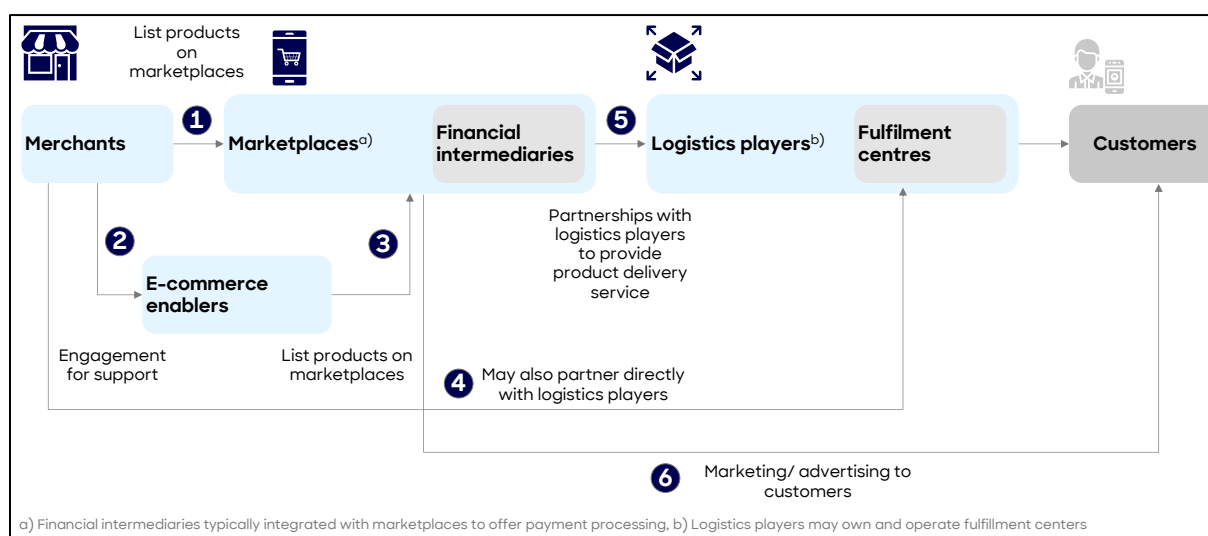
Customers: Customers on e-commerce marketplaces are individuals or entities that utilise online platforms to browse, select, and purchase products offered on the platform.

Several key marketplaces define customer transactional engagement based on:

- **Active customers:** These are users who have successfully completed a purchase which they have checked out, paid for, and acquired at least one product within a defined recent period, commonly measured on a monthly basis.
- **Passive customers:** These are users who have previously made purchases on the platform but have not completed any paid transactions within the current measurement period (e.g., the past month).

5.1.3 Market practices

Figure 29: Key relationships along the e-commerce (retail marketplace) supply chain



Source: Interaction with industry players and MyCC analysis

1. Merchants and marketplaces

(a) Registration

The relationship between merchants and marketplaces begins when merchants register their accounts on the platforms. Merchants can register as individuals or registered businesses, with each option requiring the submission of verification documents. For individuals, an ID is required, while registered businesses must provide their business registration certificate and bank account details.

For businesses in East Malaysia, particularly in Sabah and Sarawak, this process can present challenges due to the absence of a Companies Commission of Malaysia (SSM)-issued business registration certificate. Instead, business registration certificates or trading license are issued by the Inland Revenue Board of Malaysia (LHDN) or *Pihak Berkuasa Tempatan*

(PBT) / local authority²¹¹. These certificates must be applied manually (unlike the process for obtaining SSM certificates online) and sometime takes weeks to process²¹² (for SSM certificates, they can be obtained within an hour after the payment transaction is made²¹³).

The difference from businesses in West Malaysia is due to the Business Registration Act 1956 (Act 197) not adopted in Sabah and Sarawak, as both states have their own respective ordinances to regulate business registration.

Table 14: Business registration ordinances in East Malaysia

State	Ordinance
Sabah	Trades Licensing Ordinance
Sarawak	Business, Professions and Trades Licensing Ordinance

Source: SSM, Invest Sarawak

Below showcases the registration process of business registration certificate for East Malaysian merchants²¹⁴:

- **Step 1:** Prepare at least three potential business names for registration with LHDN and verify them at the Business Name Search Counter located at LHDN offices to ensure availability and compliance with local regulations.

²¹¹ Not applicable to private limited (Sdn. Bhd.) and public-listed (Berhad) companies. These types of companies must be registered with SSM (SSM - <https://www.ssm.com.my/Documents/Ezbiz%20Online%20User%20Guideline/GUIDELINE-FOR-REGISTRATION-OF-NEW-BUSINESS.pdf>).

²¹² Invest Sarawak (2025). Registration process. <https://investsarawak.gov.my/business-registration/>

²¹³ Suruhanjaya Syarikat Malaysia (2025). Guidelines for registration of new business, pages 1-2. https://www.ssm.com.my/Pages/Register_Business_Company_LLP/Business/Business-Document/guidelines_for_registration_of_new_business_05062018.pdf

²¹⁴ Invest Sarawak (2024). Business registration in Sarawak. <https://investsarawak.gov.my/business-registration/>

- **Step 2:** Gather the required documents to establish proof of business, which include a stamped Tenancy Agreement or Sales and Purchase Agreement (SPA), Lease of Land, and Land Title.
- **Step 3:** Determine any additional documents required for registration, such as the Trade License Application Form (*Borang* IRD No. 8), Business Names Ordinance Form (*Borang* R20), and *Borang* TL from the Department of Statistics. Additionally, create a business stamp that includes the full commercial address and ensure all necessary documents are prepared for submission to LHDN.

Marketplaces impose limitations on the number of accounts a merchant can have, typically allowing only five accounts, each required to offer distinct product assortments. Merchants are prohibited from creating multiple stores selling similar product ranges, with violations resulting in non-compliance points.

As part of the agreement between both parties, merchants must consent to various terms during registration, including the Seller Agreement, Seller Verification Guidelines, and commission rates. Failure to comply with these policies such as selling prohibited or counterfeit items can result in penalties, delisting, or blacklisting, often triggered by consumer complaints or marketplace monitoring.

On key platforms like Shopee, Lazada, and TikTok Shop, there are also exclusive "mall" options (e.g., LazMall, Shopee Mall, TikTok Shop Mall)²¹⁵. Merchants typically receive invitations to these categories, provided they meet two key criteria:

²¹⁵ Shopee (2024). Shopee mall onboarding and eligibility criteria. <https://seller.shopee.com.my/edu/article/19374> ; Lazada (2025). LazMall seller eligibility and service standards. https://sellercenter.lazada.com.my/helpcenter/s/faq/knowledge?&language=en-US&m_station=BuyerHelp&questionId=1000148681&hybrid=1&categoryId=1000027819 ; TikTok Shop (2025). TikTok shop mall policy. https://seller-my.tiktok.com/university/essay?knowledge_id=8766786787149570&default_language=en&identity=1

1. Being a brand owner or an authorised distributor, and
2. Fulfilling performance benchmarks such as offering free shipping, supporting free returns/refunds, maintaining a high chat response rate, and achieving a low non-fulfilment rate.

Joining these "mall" options offers advantages, including increased visibility on the homepage, better search rankings, and exclusive access to promotions and marketing solutions, though they come with higher commission rates. These benefits help enhance the reputation of merchants as trusted sellers.

Figure 30: Criteria to join LazMall, Shopee Mall and TikTok Shop Mall

Sign Up Criteria for Existing Lazada Marketplace Sellers		
Existing Lazada Marketplace sellers are welcome to join LazMall if the following criteria are met:		
Metrics	Local Seller	Crossborder
Seller Positive Rating	≥ 70%	
Fast Fulfilment Rate	≥ 70%	
Return Rate	Fashion ≤ 10% Other Categories ≤ 3%	
Minimum Orders Per Month	≥ 1	
Seller Age	≥ 30 Days	
10 Minutes Response Rate	≥ 40%	
Cancellation Rate	≤ 4%	< 2%
Product Brand Attribute	0 SKU with 'OEM' or 'No Brand' Brand name	0 SKU with 'OEM' or 'No Brand' Brand name
Store Decoration Adoption	Adopted	Adopted
Onsite Items (Product)	≥ 10	≥ 10
Seller Type	Seller Type is Corporate	Seller Type is Corporate
Product Quality Rating	≥ 4	≥ 4
Non-Compliance Points	< 24	< 24
Ship on Time Rate		≥ 90%
Chat Response Rate		≥ 85%

LazMall Store Types and Eligibility Criteria		
Store Type	Seller Type	Eligibility Criteria
Flagship Store 	<ul style="list-style-type: none"> You are the brand owner of established international or local brands You are the appointed Exclusive Distributor of established international or local brands You are a Branded Retailer with sufficient brand equity locally, measured by number of stores or size of stores, and ranking within category offline 	<ul style="list-style-type: none"> Registered brand trademark Authorisation letter from Brand principal (needs to explicitly mention status as Exclusive Distributor or authorisation to "open a Flagship Store") Registered brand trademark and strong offline presence (at least 3 chain stores, at least one >30,000sqft store, or within top 5 retailers of their category)
Authorised Store 	<ul style="list-style-type: none"> You are a Non-exclusive Distributor authorised by the brand principal to open a single-brand store You are a Non-exclusive Distributor authorized by the brand principal to open a multi-brand store 	<ul style="list-style-type: none"> Authorisation letter from brand principal Authorisation letters from all brand principals
Verified Store 	<ul style="list-style-type: none"> You are a Seller opening a single-brand OR multi-brand store with no authorisation from the brand principal(s) 	<ul style="list-style-type: none"> Reseller agreement/distribution agreement for all the brands to be sold, or Purchase invoices/receipts from authorised sources such as brand owners, licensed distributors, authorised resellers etc to prove the authenticity of the products to be sold

Source: Lazada²¹⁶ (As of 11 June 2025)

Shopee Mall seller application		
07-04-2025 Add to bookmark		
Who can become a Shopee Mall seller?		
To be on Shopee Mall, sellers must meet all Mall requirements below:		
<ul style="list-style-type: none"> Adhere to Shopee Mall listing guidelines Avoid listing violations Adhere to performance criteria listed below: 		
Performance Criteria	Before 12 May 2025	Effective 12 May 2025
Fast Handover Rate (FHR)	≥ 90%	≥ 90%
Non-Fulfilment Rate (NFR)	≤ 5%	≤ 5%
Late Shipment Rate (LSR)	≤ 15%	≤ 5%
Chat Response Rate	≥ 95%	≥ 95%
Shop Rating (All-time)	≥ 4.8	≥ 4.8
Current Penalty Points	0	0
Days of Pre-Order Listing Violation	≤ 5	≤ 5
Product Listed	100% authentic	100% authentic
Pre-Order Listing %	< 5%	< 5%

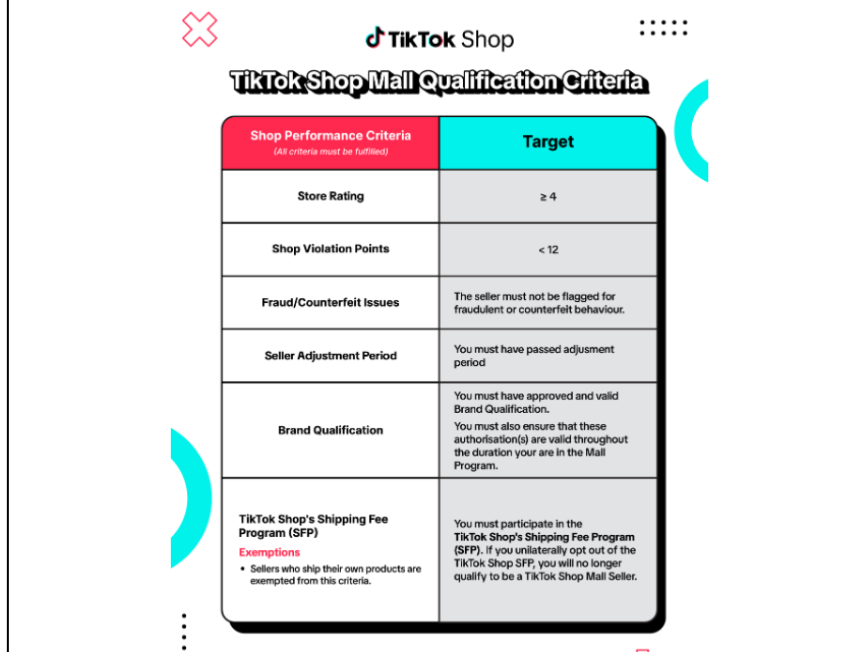
Source: Shopee²¹⁷ (As of 11 June 2025)

²¹⁶ Lazada (2025). LazMall onboarding journey. <https://sellercenter.lazada.com.my/apps/register/lazmall/joining>

²¹⁷ Shopee (2025). Shopee Mall seller application. <https://seller.shopee.com.my/edu/article/19374>

3. TikTok Shop Mall Seller Qualification Criteria

In order to be a TikTok Shop Mall Seller, sellers must be invited by TikTok Shop and maintain several shop performance criteria shown in the table below:



The table is titled 'TikTok Shop Mall Qualification Criteria' and is presented within a decorative frame that includes the TikTok Shop logo and various icons. The table has two columns: 'Shop Performance Criteria' and 'Target'. The 'Shop Performance Criteria' column includes a note that 'All criteria must be fulfilled'. The 'Target' column provides specific requirements for each criterion.

Shop Performance Criteria <small>(All criteria must be fulfilled)</small>	Target
Store Rating	≥ 4
Shop Violation Points	< 12
Fraud/Counterfeit Issues	The seller must not be flagged for fraudulent or counterfeit behaviour.
Seller Adjustment Period	You must have passed adjustment period
Brand Qualification	You must have approved and valid Brand Qualification. You must also ensure that these authorisation(s) are valid throughout the duration you are in the Mall Program.
TikTok Shop's Shipping Fee Program (SFP) Exemptions • Sellers who ship their own products are exempted from this criteria.	You must participate in the TikTok Shop's Shipping Fee Program (SFP). If you unilaterally opt out of the TikTok Shop SFP, you will no longer qualify to be a TikTok Shop Mall Seller.

Source: TikTok Shop²¹⁸ (As of 11 June 2025)

(b) Marketplace policies

There is a comprehensive list of marketplace policies that merchants are required to adhere to in order to start selling on the platform.

E-commerce platforms frequently update their policies, discount structures, and promotional programs to attract consumers and increase sales. While these changes can be beneficial for driving platform revenue and customer engagement, they also create challenges for merchants who must comply with an evolving set of regulations. These policies often include platform terms of service, commission structures, pricing rules, and fulfilment requirements, as well as specific guidelines for campaigns, payment methods, and live sales. Since updates occur frequently, particularly during major sales events, merchants may not always be fully aware of the terms they are agreeing to, which can lead to unexpected

²¹⁸ TikTok Shop (2025). TikTok Shop Mall policy. https://seller-my.tiktok.com/university/essay?knowledge_id=8766786787149570&default_language=en&identity=1

financial and operational impacts. Policies from marketplaces are listed in the table below.

Table 15: Marketplace policies (as of June 2025)

Policies	Shopee ²¹⁹	Lazada ²²⁰	TikTok Shop ²²¹
General policies	<ul style="list-style-type: none"> • Terms of Service • Shopee Community Guidelines • Privacy Policy 	<ul style="list-style-type: none"> • Fake Transaction Policy • Lazada Community Policies • Fair Trading Policy and Enforcement • Customer Information Abuse Policy • Fulfilment Fraud 	<ul style="list-style-type: none"> • Terms of Service • Privacy Policy • Terms of Sale • TikTok Shop Terms of Use and Sale • Community Guidelines • TikTok Shop Business Partner Code of Conduct • TikTok Shop Platform Abuse Policy
Merchant policies	<ul style="list-style-type: none"> • Seller Verification Policy • Shop Name Policy • Performance Standards & Penalties 	<ul style="list-style-type: none"> • Seller Onboarding Policy • Store naming policy • Fraudulent Dealing policy 	<ul style="list-style-type: none"> • TikTok Shop Seller Registration Guidelines • TikTok Shop Product Listing Guidelines

²¹⁹ Shopee (2025). Shopee Seller Education Hub. <https://seller.shopee.com.my/edu/home>

²²⁰ Lazada (2025). Lazada seller policies. https://sellercenter.lazada.com.my/helpcenter/s/faq/category?categoryId=1000027813&m_station=faq

²²¹ TikTok (2025). TikTok Shop Academy. https://seller-my.tiktok.com/university/home?identity=1&role=seller&knowledge_id=7753790669358850&from=other&sourceType=recommend&content_id=8588078084163330

Policies	Shopee ²¹⁹	Lazada ²²⁰	TikTok Shop ²²¹
	<ul style="list-style-type: none"> • Fees and Commission Structure • Chat violations • Shopee Advertising Policy • Shopee Off-Platform Advertising Terms of Services • ShopeePay Merchant Terms of Service • First Response Time (FRT) and Average Response Time (ART) 	<ul style="list-style-type: none"> • Seller Account Policy • Multiple Seller Account Policy • Listing Limitation Rules • Marketplace Agreement 	<ul style="list-style-type: none"> • TikTok Shop Customer Order Shipping Guidelines • TikTok Shop Intellectual Property Policy • Seller Payment Service Agreement • TikTok Shop Inactive Seller Policy • TikTok Shop Account Closure Policy • TikTok Shop Seller Performance Evaluation Policy • TikTok Shop Customer Review Policy • TikTok Shop Seller Negative Balance Policy • TikTok Shop Seller

Policies	Shopee ²¹⁹	Lazada ²²⁰	TikTok Shop ²²¹
			Settlement Policy
Products and listing policies	<ul style="list-style-type: none"> • Prohibited and Restricted Items Policy • IP Infringement Listing Policy • Controlled Goods Listing Guidelines • Marketplace Listing Practices - Improper Content Listing • Listing of Prohibition on Obscene & Adult Products • Guidelines for Selling Electrical Appliances Online • Incorrect Product Categories • Shopee Video Terms of Service 	<ul style="list-style-type: none"> • Product Listing Policy • Product Mis-categorisation • Product Quality Policy • Missing or Wrong Item Policy • Prohibited and Controlled Products List • Non-Performing Product Listing • Inappropriate and Misleading Content Policy • Price Spamming Policy • Product Duplication Policy • Prohibition of Drop Shipping Policy • Dangerous Goods Policy • Brand Attribute Accuracy Policy • Content and Catalog Policy 	<ul style="list-style-type: none"> • TikTok Shop Content Guidelines • TikTok Shop Prohibited Products Guidelines • TikTok Shop Restricted Products Guidelines

Policies	Shopee ²¹⁹	Lazada ²²⁰	TikTok Shop ²²¹
		<ul style="list-style-type: none"> • Product Listing Policy for Pharmaceutical Products, Cosmetic Products and Medical Devices • Restricted Brands Policy • Digital Goods Policy Health Governance Policy 	
Order management & fulfilment policies	<ul style="list-style-type: none"> • Shopee Shipping Policy and Operational Metrics • Shopee Packaging Guidelines • Non-Fulfilment Rate & Late Shipment Rate • 15 Days Free Return / Refund • Unsuccessful Order Fee • Shopee's Return/Refund Guidelines 	<ul style="list-style-type: none"> • Fast Fulfilment Rate (FFR) • Change of Mind Return Policy • Returns Eligibility Period • Delivered by Seller (DBS) Policy • Package Not Ready (PNR) Policy • Order Cancellation Policy Dashboard 	<ul style="list-style-type: none"> • TikTok Shop Customer Order Cancellation, Return and Refund Guideline • TikTok Shop Customer Order Cancellation, Return and Refund Guidelines • TikTok Shop Logistics Terms
Merchant campaigns	<ul style="list-style-type: none"> • Preferred, Preferred+, 	<ul style="list-style-type: none"> • Campaign Policy 	<ul style="list-style-type: none"> • TikTok Shop Mall

Policies	Shopee ²¹⁹	Lazada ²²⁰	TikTok Shop ²²¹
and programmes policies	Mall Sellers policies <ul style="list-style-type: none"> Shopee International Platform Terms of Service Seller Shipping Fee Saver Programme Terms of Service 	<ul style="list-style-type: none"> LazCoins Promotion Policy Anti-Competitive Behaviour Rules 	Program Terms and Conditions in Malaysia <ul style="list-style-type: none"> TikTok Shop 100% Authentic Program Terms and Conditions TikTok Shop Seller Promotional Tools Terms and Conditions [MY] TikTok Shop Mall Program Terms and Conditions in Malaysia

Source: Shopee, Lazada, TikTok Shop

(c) Commission rates (Local merchants)

Commission rates vary based on both the merchant's product category and the length of time the merchant has been on the marketplace. Merchants on the marketplace for less than 120 days have a 0% rate, while those over 120 days face rates ranging from 0% to 22.5%²²².

²²² Rates as of 31 December 2024 ; Shopee (2025). Marketplace commission fees. <https://seller.shopee.com.my/edu/article/6799> ; TikTok Shop (2025). Commission fee. https://seller-my.tiktok.com/university/essay?knowledge_id=6907739532281602&default_language=en&identity=1 ; Lazada (2025). Marketplace commission rate.

For TikTok Shop, commission fee reductions may be offered as an incentive to merchants. These reductions are typically extended to active sellers, as a general new platform feature, or merchants who can demonstrate justifiable reasons for the reduction, such as operating with low margins or high operating costs²²³.

The commission is typically calculated based on the item price, minus any merchant promotional charges. Promotional costs funded by the marketplace are not deducted from the item price when calculating the commission fee.

Announcements regarding rate changes are commonly made one month in advance as 40% of merchant respondents have stated that they receive a notice period of 2 weeks to 4 weeks prior to the commission rate change. Merchants have stated the timeline preference of commission rate change, of which 42% of merchants prefer a 90 to 180 days prior notice as they would be able to coordinate with inventory cycle alignment, supplier negotiations and planning marketing campaigns. 35% have indicated a 30 to 60 days window as these merchants stated the requirement for sufficient time for price adjustments, customer communication and marketing planning. Furthermore, 18% of merchants with quicker adaptation capabilities stated a notice period of lesser than 2 weeks as they work on short-term operational plannings²²⁴.

55% of merchants have also indicated prior consultation on commission rate adjustments have been conducted while 45% have not. Furthermore, 66% merchants agreed that e-commerce marketplaces have provided justifications on the rate adjustments.

Below details the rates of the three key marketplaces in Malaysia as of July 2025:

Table 16: Commission rates²²⁵ across e-commerce platforms (local merchants)

https://sellercenter.lazada.com.my/helpcenter/s/faq/knowledge?&language=en-US&m_station=BuyerHelp&questionId=1000148698&hybrid=1&categoryId=1000027814

²²³ Written input from industry players.

²²⁴ MyCC's survey.

²²⁵ Rates are exclusive of 8% SST.

Categories	Shopee (Effective 16 th July 2025) ²²⁶		Lazada (Effective 18 th July 2025) ²²⁷		TikTok Shop (Effective 5 th September 2024) ²²⁸	
	Market-place	Mall	Market-place	LazMall	TikTok Shop	TikTok Shop Mall
Electronics	5% to 14%	7.5% to 16.5%	11% to 14.5%	14% to 18%	4.5% to 8.5%	7.5% to 11.5%
Fashion	9% to 15%	11% to 17%	15%	16.5% to 20%	7.5% to 9.5%	10.5% to 12.5%
Fast Moving Consumer Good (FMCG)	0% to 14%	3% to 17.5%	0% to 16%	10% to 20%	0% to 10.5%	3% to 13.5%
Lifestyle	6.5% to 12%	11% to 16%	N/A	N/A	6% to 9.5%	9% to 12.5%
Virtual / Digital Goods	18.5% to 22.5% ²²⁹	13% to 17%	21.5%	2.5% to 6%	N/A	N/A
General Merchandise (Lazada only)	N/A	N/A	12.5% to 14%	18% to 19%	N/A	N/A

Source: Shopee, Lazada and TikTok Shop

According to marketplaces²³⁰, rate increases are typically implemented unilaterally due to rising cost of operating platform and market conditions. For some marketplaces, new commission rate rollouts may be paired with

²²⁶ Shopee (2025). Marketplace commission fees. <https://seller.shopee.com.my/edu/article/6799>; Shopee (2025). Shopee Mall commission fee. <https://seller.shopee.com.my/edu/article/1773>

²²⁷ Lazada (2025). Marketplace commission rate. https://sellercenter.lazada.com.my/helpcenter/s/faq/knowledge?&language=en-US&m_station=BuyerHelp&questionId=1000148698&hybrid=1&categoryId=1000027814; Lazada (2025). LazMall commission rate adjustment. https://sellercenter.lazada.com.my/helpcenter/s/faq/knowledge?categoryId=1000027819&language=en_US&m_station=BuyerHelp&questionId=1000148575

²²⁸ TikTok Shop (2025). Commission fee. https://seller-my.tiktok.com/university/essay?knowledge_id=6907739532281602&default_language=en&identity=1

²²⁹ Shopee (2025). Virtual goods SKUs. <https://seller.shopee.com.my/edu/article/16550>

²³⁰ Written response from industry players.

support programmes to offset sellers' anticipated additional costs. These programmes include free delivery for customers, which boosts sellers' visibility.

Table 17: Latest rate changes from key marketplaces²³¹

Marketplace	Rate change	Date of rate change
Shopee	3% in all categories ²³²	16 July 2024
TikTok Shop	Average 4.8% in all categories ²³³	5 September 2024
Lazada	3% in all categories ²³⁴	18 July 2024

Source: Shopee, Lazada and TikTok Shop

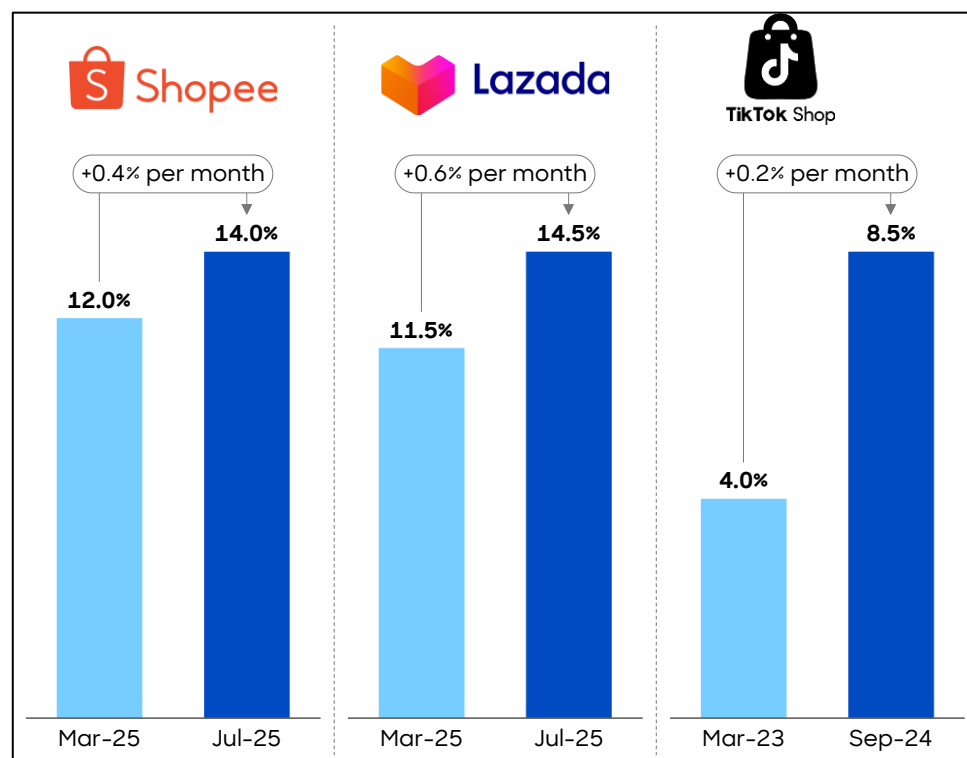
²³¹ As of 20 December 2024.

²³² Shopee (2025). Marketplace commission fees. <https://seller.shopee.com.my/edu/article/6799>

²³³ TikTok Shop (2024). Introduction to seller fees. https://seller-my.tiktok.com/university/essay?knowledge_id=2602429108078338&default_language=en&identity=1

²³⁴ Lazada (2025). Marketplace commission rate. https://sellercenter.lazada.com.my/helpcenter/s/faq/knowledge?&language=en-US&m_station=BuyerHelp&questionId=1000148698&hybrid=1&categoryId=1000027814

Figure 31: Before and after marketplace commission rate change for electronics category (example)



Source: Shopee, Lazada and TikTok Shop

Once a marketplace initiates a rate change, it is typically followed by another. Based on the latest changes by key players, the interval between rate changes is approximately 35 days. Given that these changes do not occur on a standard timeframe, it is likely based on the platforms will and power to do so anytime they want. As these changes do not follow a fixed schedule, it suggests that platforms retain full discretion to adjust rates at any time. According to MyCC's merchant survey, 35% of respondents reported that commission rate changes occurred every 3 to 6 months on the marketplaces where they list products, while 21% experienced such changes every 6 to 9 months.

(d) Commission rates (Foreign merchants)

Table 18: Commission rates²³⁵ across e-commerce platforms (cross-border merchants)

Categories	Shopee (Effective 6 th May 2025) ²³⁶	Lazada (Effective 15 th October 2024) ²³⁷		TikTok Shop (Effective 5 th September 2024) ²³⁸	
	All sellers	Market- place	LazMall	TikTok Shop	TikTok Shop Mall
All Categories	17%	10% to 12.5%	11% to 13.5%	0% to 10.5%	3% to 13.5%

Source: Shopee, Lazada and TikTok Shop

For cross-border merchants, their commission rates are different compared to local merchants, with rates reaching up to 17%.

Shopee implemented the highest uniform commission at 17% for all cross-border sellers, effective 6 May 2025. Lazada adopts a tiered approach, charging 10% to 12.5% for regular Marketplace sellers and 11% to 13.5% for LazMall participants. It further segments commission rates based on the type of fulfilment model used by merchants, such as Global Plus items, Lazada Global Shipping (LGS), Fulfilled by Lazada (FBL), LITE and 3PF Cross-Border (third-party fulfilment). TikTok Shop offers the widest and most flexible commission range for cross-border merchants, segmented both by seller tier and item category. Commission fees range from 0% to 10.5% for regular sellers and up to 13.5% for TikTok Shop Mall.

²³⁵ Rates are exclusive of 8% SST.

²³⁶ Shopee (2025). Shopee cross border seller - fees (commission and service fees). <https://shopee.cn/edu/article/4416>

²³⁷ Lazada (2025). Notice on commission adjustment for Lazada Malaysia and Singapore. <https://gsp.lazada.com/gsp/helpcenter/2024lazada-235930.html?spm=abuerer.crossborder-topic.articles-list.17.62f43113sFFRsC>

²³⁸ TikTok Shop Academy (2024). (Malaysia) TikTok Shop platform commission rules. https://seller.tiktokglobalshop.com/university/essay?knowledge_id=885076016170754&role=1&course_type=1&from=search&identity=1

Commission rate changes for cross-border merchants have been observed across all three major e-commerce platforms of Shopee, Lazada, and TikTok Shop. Overall commission rate increase is between 3% to as high as 9.5%. While Shopee and Lazada have implemented modest and structured increases of up to three percentage points, TikTok Shop has introduced a more substantial relative adjustment, ranging up to 9.5%.

Table 19: Commission rate²³⁹ changes across e-commerce platforms (cross-border merchants)

Marketplace	Tier	1 st Rate change	2 nd Rate change	Current rate	Total rate increase
Shopee	All sellers	14% (August 2024) ²⁴⁰	15% (March 2025) ²⁴¹	17% (May 2025) ²⁴²	3%
Lazada	Marketplace	9% to 12.5%		10% to 12.5% (October 2024)	Up to 3%
	LazMall	10% to 13.5%		11% to 13.5% (October 2024)	Up to 3%

²³⁹ Rates are exclusive of 8% SST.

²⁴⁰ Shopee (2024). Shopee Malaysia cross border commission, FSS and CCB rate change notice. <https://shopee.cn/edu/article/21471>

²⁴¹ Shopee (2025). Shopee Malaysia cross border direct shipping seller commission rate adjustment notice. <https://shopee.cn/edu/article/24079>

²⁴² Shopee (2025). Shopee cross border seller - fees (commission and service fees). <https://shopee.cn/edu/article/4416>

²⁴³ Lazada (2025). Notice on commission adjustment for Lazada Malaysia and Singapore. <https://gsp.lazada.com/gsp/helpcenter/2024lazada-235930.html?spm=abuerer.crossborder-topic.articles-list.17.62f43113sFFRsC>

Marketplace	Tier	1 st Rate change	2 nd Rate change	Current rate	Total rate increase
TikTok Shop	TikTok Shop	0% to 4% (August 2023 ²⁴⁷)		0% to 10.5% (September 2024)	Up to 6.5%
	TikTok Shop Mall			3% to 13.5%	Up to 9.5%

Source: Shopee, Lazada and TikTok Shop

(e) Product listing

Products listed on marketplaces are ranked based on the platforms' proprietary algorithms, which consider various factors. Although the specific details are not publicly available, the following provides an indicative view of the factors considered:

- **Product and sales performance**
 - Product price
 - Sales performance
 - Checkout rates
 - Fulfilment performance
- **Customer engagement and feedback**
 - Customer reviews
 - Customer interactions

²⁴⁷ AMZ123 (2025). (Malaysia) TikTok Shop platform commission rules. <https://www.amz123.com/guide/tiktokshop/yYg8peQ6>

²⁴⁸ TikTok Shop Academy (2024). (Malaysia) TikTok Shop platform commission rules. https://seller.tiktokglobalshop.com/university/essay?knowledge_id=885076016170754&role=1&course_type=1&from=search&identity=1

²⁴⁹ TikTok Shop Academy (2024). (Malaysia) TikTok Shop platform commission rules. https://seller.tiktokglobalshop.com/university/essay?knowledge_id=885076016170754&role=1&course_type=1&from=search&identity=1

- **Marketing and visibility**

- Advertising expenditure
- Keyword relevance
- Content information

(f) Payment partners

Table 20: Payment methods available on key marketplace players, as of July 2025

Shopee ²⁵⁰	Lazada ²⁵¹	TikTok Shop ²⁵²
1. Cash Payment at Convenience Stores 2. Cash-on-delivery (COD) 3. Credit / Debit Cards 4. Maybank2u 5. FPX Online Banking 6. ShopeePay 7. Installment Plan (Maybank Berhad, Public Bank & CIMB credit cards) 8. SPayLater	1. Cash Payment at 7-Eleven 2. Cash-on-delivery (COD) 3. Credit / Debit Cards 4. FPX Online Banking 5. Installment Payment Plan (Maybank credit cards) 6. Lazada Wallet 7. LazPayLater 8. Touch 'n Go eWallet	1. Atome Buy Now Pay Later (BNPL) 2. Credit Card Installment Payment 3. TikTok PayLater 4. Credit / Debit Cards 5. FPX Online Banking 6. Touch 'n Go eWallet 7. Cash-on-delivery (COD) 8. GrabPay 9. Boost Wallet

Source: Shopee, Lazada, TikTok Shop

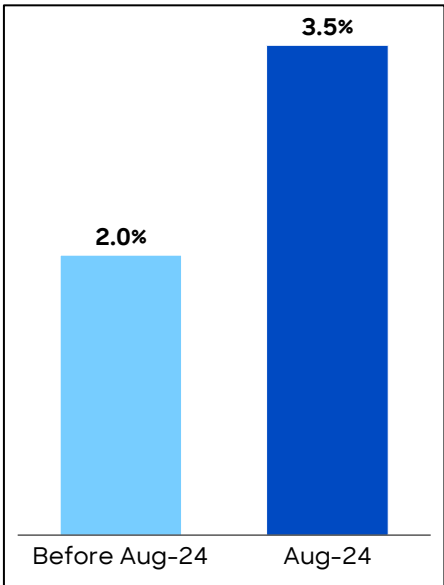
²⁵⁰ Shopee (2024). Buyer payment methods supported by Shopee. <https://seller.shopee.com.my/edu/article/1214>

²⁵¹ Lazada (2025). https://helpcenter.lazada.com.my/s/faq/knowledge?&m_station=BuyerHelp&questionId=1000141822&hybrid=1&categoryId=1000026938

²⁵² TikTok (2025). Asia Pacific (APAC) supported payment methods. <https://ads.tiktok.com/help/article/asia-pacific-apac-supported-payment-methods>

Marketplaces provide a wide range of payment systems to platform customers. For third-party (external) payment options such as online banking and bank transfers, marketplaces are typically charged a fee by the payment gateway providers. These fees are then passed on to customers as "transaction fees" to cover the costs incurred by the marketplace. As of 20 December 2024, across various key marketplaces (Shopee, TikTok Shop, and Lazada), a standard transaction fee of 3.5% (excluding SST) is imposed, irrespective of the varying fees that marketplaces may face from their respective payment gateway providers.

Figure 32: Latest transaction fees change, 2024 [%]



Source: Shopee, Lazada and TikTok Shop

Below details selected payment gateway providers' fees.

Table 21: Selected payment gateway providers and fees charged (as of May 2025)²⁵³

#	Payment gateway provider	Fee
1	Fiuu (Formerly known as Razer Merchant Services)	1.2% - 2.4% (Includes credit/debit card payments, FPX online banking and e-wallets)
2	eGHL	1.0% - 2.3% (Includes credit/debit card payments, FPX online banking and e-wallets)
3	iPay88	1.0% - 3.0% (Includes credit/debit card payments, FPX online banking and e-wallets)
4	SenangPay ²⁵⁴	1.5% to 2.5% (Includes credit/debit card payments, FPX online banking and e-wallets)
5	PayPal ²⁵⁵	3.9% + RM2 (Fixed fee)
6	Touch 'n Go Portal	1.4%

Source: Various payment gateway providers

Marketplaces in Malaysia are increasingly expanding their roles to include integrated financial services by offering their own proprietary payment systems. Key players such as Shopee and Lazada have obtained approval from Bank Negara Malaysia to operate as non-bank e-money issuers, enabling them to launch their respective e-wallets of ShopeePay and LazadaPay. These integrated wallets allow users to store funds, make payments within the platform, and access various platform-linked incentives such as cashback, vouchers, and free shipping.

²⁵³ SiteGiant (2025). Malaysia online payment gateways comparison. <https://sitegiant.my/malaysia-payment-gateway/>

²⁵⁴ SenangPay (2025). Pricing. <https://senangpay.com/pricing/>

²⁵⁵ PayPal (2025). PayPal merchant fees. <https://www.paypal.com/my/business/paypal-business-fees>

The wallets also serve as an entry point for additional financial services, including BNPL features. Both platforms allow consumers to defer payments over instalment periods ranging from one to up to 24 months. Specifically, Shopee's SPayLater imposes a higher transaction fee on merchants for orders completed using the service. Prior to 8 May 2025, Shopee charged a 3.5% (excluding 8% SST) transaction fee on SPayLater orders. As of 8 May 2025, the SPayLater fee was increased to 4.5% (excluding 8% SST)²⁵⁶, an increase of 1% fee. This change reflects the additional cost to merchants, as transaction charges are determined by the buyer's chosen payment method. While this structure allows platforms to monetise credit offerings, merchants incur the higher cost without the ability to opt out, in accordance with Shopee's platform policy²⁵⁷.

(g) Communication with marketplace

Each marketplace provides a seller portal for communication, where merchants can receive announcements about changes to commission structures, promotional campaigns, and other relevant updates. Additionally, merchants can manage their programme opt-ins and opt-outs directly through the portal.

In the case of conflicts between merchants and customers, these issues are usually directed to dispute resolution or customer service teams.

Depending on various factors, including but not limited to sales volume, size and strategic value, selected merchants are assigned to a Relationship Manager (RM). The RM's role is to offer personalised support, including but not limited to providing general guidance/support, improving store performance, addressing merchants' challenges with buyers, delivery partners, and providing customised offers, such as boosting store visibility in exchange for reducing prices on selected products.

However, merchant survey results indicate that only 25% of respondents currently have a dedicated RM appointed by the marketplaces, while the

²⁵⁶ The Star (2025). Shopee to raise SPayLater seller fee to 4.5% starting May 8. <https://www.thestar.com.my/tech/tech-news/2025/05/07/shopee-to-raise-spaylater-seller-fee-to-45-starting-may-8>

²⁵⁷ Shopee (2025). Introduction to SPayLater. <https://seller.shopee.com.my/edu/article/21112>

remaining 75% operate without such direct support. This suggests that personalised relationship management is reserved for a relatively small subset of merchants, potentially concentrating competitive advantages among higher-priority sellers.

(h) Participation in marketplace programmes and campaigns

A common market practice across major e-commerce platforms in Malaysia is the use of platform-led promotional programmes designed to drive buyer engagement and traffic to participating merchant stores. These programmes are voluntary for sellers but have become increasingly essential for those seeking visibility and competitive conversion rates in a highly saturated marketplace environment.

Under these programmes, merchants opt in to participate in platform-funded or co-funded incentives²⁵⁸ such as discount vouchers, cashback schemes, loyalty coins, and subsidised shipping. In doing so, their products and storefronts gain prioritised placement in promotional campaigns and search results, often accompanied by dedicated programme tags (e.g., “Cashback,” “Free Shipping,” “Bonus”) that enhance clickthrough rates. Commonly, these programmes often incur higher overall commission cost for merchants and compliance obligations, such as meeting the minimal criteria (e.g., to offer a certain discount rate, merchant rating, low cancellation rate benchmark).

Examples of programme introduced by key marketplace players are listed below, as of June 2025:

²⁵⁸ Co-fund vouchers, where sellers are reimbursed with a percentage amount of the voucher cost in accordance with the programme terms and conditions.

Table 22: List of marketplace programmes and campaigns, as of June 2025

Shopee ²⁵⁹	Lazada	TikTok Shop ²⁶⁰
1. Product campaigns	1. Daily campaigns	1. Bonus Extra Program (BXP)
2. Voucher campaigns	2. Mega campaigns	2. Bonus Cashback Program (BCP)
3. Seasonal / Festive campaigns	3. Seasonal / Festive campaigns	3. Shipping Fee Program (SFP)
4. Seller Shipping Fee Saver Programme	4. LazCoins Discount Program	4. Product Campaigns
5. Shopee Cashback Programme	5. LazFlash	5. Livestream Campaigns
6. Co-fund Vouchers		6. Co-funded Campaigns

Source: Shopee, Lazada, TikTok Shop

Enrolment in certain programmes can lead to lower commission fees or additional benefits for merchants. For instance, merchants participating in Shopee's Cashback Programme enable their customers to access platform-subsidised incentives such as coin cashback, instant rebates, and category-specific vouchers.

As of June 2025, participating Shopee merchants pay an additional service fee of 4.5% (capped at RM50) but benefit from a lower commission rate of approximately 4%, compared to the standard rate for non-participating merchants²⁶¹. This effectively reflects a 0.5% participation fee, as illustrated below.

²⁵⁹ Shopee (2025). Participating in campaigns. https://seller.shopee.com.my/edu/category?sub_cat_id=22 ; Shopee (2025). Shopee seller programmes. https://seller.shopee.com.my/edu/category?sub_cat_id=13

²⁶⁰ TikTok (2025). Overview: Promotions and campaigns. https://seller-my.tiktok.com/university/essay?knowledge_id=2283218390091521&default_language=en&identity=1

²⁶¹ Shopee (2025). Introduction to Shopee Cashback Programme. <https://seller.shopee.com.my/edu/article/1096>

Figure 33: Shopee's Cashback Programme additional commission fees, as of June 2025

4. Save more costs with Lower Commission Fees!

By joining the Shopee Cashback Programme (SCP), you enjoy lower commission rates than non-participants, paying just 0.5% more to unlock its benefits. Plus, with the RM50 service fee cap per item, you save even more!

Source: Shopee

Figure 34: Shopee's merchant participation commission fee and service fee comparison

Merchants on Shopee Cashback Programme		Merchants not on Shopee Cashback Programme	
	Item 1 (Books)		Item 1 (Books)
Selling Price	RM10.13	Selling Price	RM10.13
(x) Commission Fee Rate (After 8% SST)	7.56%	(x) Commission Fee Rate (After 8% SST)	11.88%
Commission Fee	RM0.77	Commission Fee	RM1.20
(x) Service Fee Rate (After 8% SST)	4.86%		
Service Fee	RM0.49		
Service Fee + Commission Fee	RM1.26		

Source: Shopee

For Lazada, it employs a loyalty-based approach through its LazCoins ecosystem. Under the LazCoins Discount Programme, merchants offer exclusive coin-redemption discounts for customers. Effective 6 March 2025, Lazada imposed a programme fee of 4.5% on participating merchants with benefits such as increased product visibility through dedicated LazCoins marketing channels²⁶². Notably, this fee is levied on

²⁶² Lazada (2025). Lazada Discount Programme. https://sellercenter.lazada.com.my/helpcenter/s/faq/knowledge?&language=en-US&m_station=BuyerHelp&questionId=1000148771&hybrid=1&categoryId=1000027750

merchants regardless of whether a buyer ultimately redeems LazCoins for a discount, effectively embedding a fixed participation cost for merchants.

Lazada has also introduced the Marketplace Ease Program (MP3), which represents a distinct commercial model aimed at simplifying merchant operations. Under MP3, merchants no longer pay commissions, payment fees, or tool fees. Instead, merchants provide their supply prices covering costs, logistics, and desired margins while Lazada manages retail pricing, promotional campaigns, and customer incentives directly. Settlements are made at the supply price level, except during Mega Campaigns where separate agreements may apply.

Participation in MP3 is implemented on a storewide basis, meaning all products are migrated under the programme once a merchant opts in. This model shifts pricing control and promotional decisions to the platform while enabling merchants to maintain predictable unit-level returns without standard commission charges.

Platforms may also automatically enrol eligible merchants into certain programmes as part of promotional strategies, typically offering a free trial period. During this period, merchants can experience the programme's benefits such as increased traffic or conversions before deciding whether to continue under standard participation terms. A notification period will be given to merchants prior to the automatic enrolment of these campaigns. Based on MyCC's survey, 44% received a notice period of more than 7 days and 41% received between 3 to 7 days.

While this approach is positioned as a form of seller enablement, it has also raised concerns among some merchants regarding the lack of sufficient notice, limited opt-out clarity, and unanticipated cost implications once the trial period ends²⁶³. Based on MyCC's survey, 46% of merchants has faced such instances where they were automatically opt-in to these promotional campaigns²⁶⁴.

²⁶³ IDI with industry players.

²⁶⁴ MyCC's survey.

(i) Opting out from marketplace programmes

Merchants always have the option to opt out of any programme during its duration, with opt-out cooling period typically ranging from 7 days to 28 days. However, this requires merchants to actively monitor their Seller Centre and manually reject any programme they do not wish to join. If they fail to notice they have been automatically opted in before the trial period ends, they will be imposed additional commission charges.

Survey results indicate that among merchants who have been enrolled in such programmes, 48% have applied to opt out, while 52% have not. Of those who attempted to opt out, processing times vary: 27% reported removal within 24 hours, 28% within 2–3 days, 14% after more than 3 days, while 6% stated they were never successful in opting out. The remaining 24% were unsure or did not know the duration²⁶⁵.

Based on selected merchants' feedback ²⁶⁶, marketplaces have automatically enrolled merchants into certain programmes due to system errors or bugs, yet no refunds or cashback are provided during the opt-out period. This issue has led to merchant making losses during the opt-out period due to the additional fee imposed. The opt-out process is also cumbersome as merchants are required to manually opt-out by contacting their RM or submit a request form via the Seller Centre (if their store does not have an RM). Furthermore, merchants opting out from programmes raise the concern of reduced product visibility and decrease in store traffic²⁶⁷.

(j) Cost distribution across e-commerce marketplaces

E-commerce marketplaces employ distinct cost-sharing models to drive sales and enhance customer engagement. These structures typically involve platform-funded incentives, such as shipping subsidies and customer promotional discounts, alongside merchant-borne expenses, including commission fees, transaction charges, and participation costs for marketing programmes. The distribution of these costs varies across

²⁶⁵ MyCC's survey.

²⁶⁶ Input from IDI.

²⁶⁷ Input from IDI.

platforms, directly impacting merchants' pricing strategies, profit margins, and overall competitiveness.

While platform subsidies are aimed to help enhance visibility and drive sales, they also introduce complexities in pricing structures and compliance requirements. Additionally, frequent adjustments to fees require merchants to continuously monitor and adapt their pricing strategies to maintain profitability. The combined impact of commissions, transaction fees, and campaign commitments plays a significant role in shaping long-term financial outcomes for merchants.

Table 23: Cost distribution between marketplaces and merchants

Cost impact	Shopee	Lazada	TikTok Shop
Cost borne by platform	<p>Logistics Cost²⁶⁸: Shopee subsidises shipping cost for buyers by offering free shipping vouchers amounting from MYR 5.00 to MYR 8.00, only for merchant's participated in the Free Shipping²⁶⁹ campaign.</p> <p>Cashback Voucher / Rebate Cost²⁷⁰:</p>	<p>Logistics Cost: Lazada subsidises shipping cost for buyers by offering free shipping vouchers amounting from MYR 5.00 to MYR 8.00, for all merchants with a minimum spend threshold.</p>	<p>Logistics Cost: TikTok Shop subsidises shipping cost for buyers by offering free shipping vouchers for all merchants with a minimum spend threshold.</p> <p>Co-funded campaigns: Merchants and TikTok Shop will</p>

²⁶⁸ Shopee (2025). [Free Shipping] What is free shipping discount? [https://help.shopee.com.my/portal/4/article/78532-\[Free-Shipping\]-What-is-Free-Shipping-Discount](https://help.shopee.com.my/portal/4/article/78532-[Free-Shipping]-What-is-Free-Shipping-Discount)

²⁶⁹ Shopee (2025). [Free Shipping] Why can't I get free shipping? [https://help.shopee.com.my/portal/4/article/78390-\[Free-Shipping\]-Why-can't-I-get-Free-Shipping](https://help.shopee.com.my/portal/4/article/78390-[Free-Shipping]-Why-can't-I-get-Free-Shipping)

²⁷⁰ Shopee (2025). [Vouchers] What is a cashback voucher? [https://help.shopee.com.my/portal/4/article/78672-\[Vouchers\]-What-is-a-cashback-voucher](https://help.shopee.com.my/portal/4/article/78672-[Vouchers]-What-is-a-cashback-voucher)

Cost impact	Shopee	Lazada	TikTok Shop
	<p>Shopee subsidises vouchers to give out Coins Cashback, Instant Rebate, and Category-specific vouchers to buyers when purchasing products from merchants participated in the Shopee Cashback Programme²⁷¹.</p> <ul style="list-style-type: none"> • Category-Specific Vouchers (Up to 60%) • Coins Cashback Vouchers (Up to 15%) • Instant Rebate Vouchers (Up to 12%) 	<p>LazCoins Discount Subsidy²⁷²: If merchants participate in the campaign, they are able to enjoy subsidies funded by Lazada.</p>	<p>"co-fund" or share the costs of the discount offered to buyers²⁷³.</p>
Cost borne by merchants	<p>Marketplace Commission Fee²⁷⁴: Up to 21.5% based on category and</p>	<p>Marketplace Commission Fee: Up to 20.5% based on category and</p>	<p>Commission Fee: Up to 13.5%</p>

²⁷¹ Shopee (2025). Introduction to Shopee cashback programme. <https://seller.shopee.com.my/edu/article/1096>

²⁷² Lazada (2025). LazCoins discount program. https://sellercenter.lazada.com.my/helpcenter/s/faq/knowledge?&language=en-US&m_station=BuyerHelp&questionId=1000148771&hybrid=1&categoryId=1000027750

²⁷³ TikTok (2024). Co-funded campaigns. https://seller-my.tiktok.com/university/essay?knowledge_id=2613653803714305&default_language=en&identity=1

²⁷⁴ Shopee (2025). Marketplace commission fees. <https://seller.shopee.com.my/edu/article/6799>

Cost impact	Shopee	Lazada	TikTok Shop
	<p>participation in Cashback Programme.²⁷⁵</p> <p>Shopee's Transaction Fee²⁷⁶: 3.78% after SST, of the final order amount paid by buyer before Shopee Sponsored Discounts.</p> <p>Service Fee²⁷⁷: Effective 6 March 2025, 4.86% after SST. Shopee merchants who opt in for the Shopee Cashback Programme, a</p>	<p>participation in LazCoins Discount Programme²⁷⁸.</p> <p>Marketplace Payment Fee: 3.78% after SST, of the final amount paid by buyer after deducting merchant's promotions and customer paid shipping fees.</p> <p>Programme Fee²⁷⁹: Depending on the participation of merchants in programmes, such as LazCoins</p>	<p>based on category²⁸¹.</p> <p>Transaction Fee²⁸²: 3.78% after SST, for processing successful orders in TikTok Shop.</p> <p>Shipping Fee Program (SFP) Service Fee²⁸³: All merchants (except merchants using Own Delivery Fleet) will get to enjoy benefits of</p>

²⁷⁵ Shopee (2025). Introduction to Shopee cashback programme. <https://seller.shopee.com.my/edu/article/1096>

²⁷⁶ Shopee (2025). Shopee's transaction fee. <https://seller.shopee.com.my/edu/article/16038>

²⁷⁷ Shopee (2025). Shopee's service fee. <https://seller.shopee.com.my/edu/article/1094>

²⁷⁸ Shopee (2025). Introduction to Shopee cashback programme. <https://seller.shopee.com.my/edu/article/1096>

²⁷⁹ Lazada (2025). LazCoins discount program. https://sellercenter.lazada.com.my/helpcenter/s/faq/knowledge?&language=en-US&m_station=BuyerHelp&questionId=1000148771&hybrid=1&categoryId=1000027750

²⁸¹ TikTok (2025). Commission fee. https://seller-my.tiktok.com/university/essay?knowledge_id=6907739532281602&default_language=en&identity=1

²⁸² TikTok (2025). Transaction fee. https://seller-my.tiktok.com/university/essay?identity=1&role=1&knowledge_id=7753792938985218&from=feature_guide

²⁸³ TikTok (2025). Managing orders. https://seller-my.tiktok.com/university/course?learning_id=7682247529088769&role=1&course_type=1&from=search&content_id=3919892927842049&identity=1

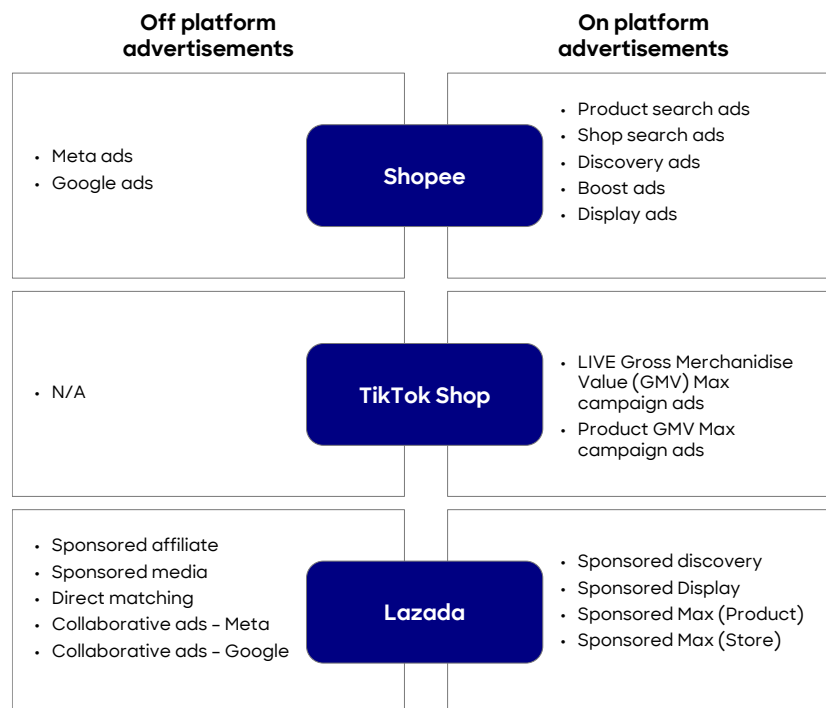
Cost impact	Shopee	Lazada	TikTok Shop
	service fee will be charged when an order has been made regardless of whether the Cashback Voucher has been utilised by the buyers.	Discount, discount rates up to 3.5%. Return Shipping Fees: Merchants are responsible for the shipping fees when a product is returned due to merchant-related issues, such as sending incorrect, damaged, or defective items ²⁸⁰ .	the SFP such as the Xtra Shipping Labels and additional free shipping vouchers for 0% service fee.

Source: Shopee, Lazada, TikTok Shop

²⁸⁰ Written input by Lazada.

(k) Advertising

Figure 35: Types of ads for on-platform and off-platform among e-commerce marketplaces



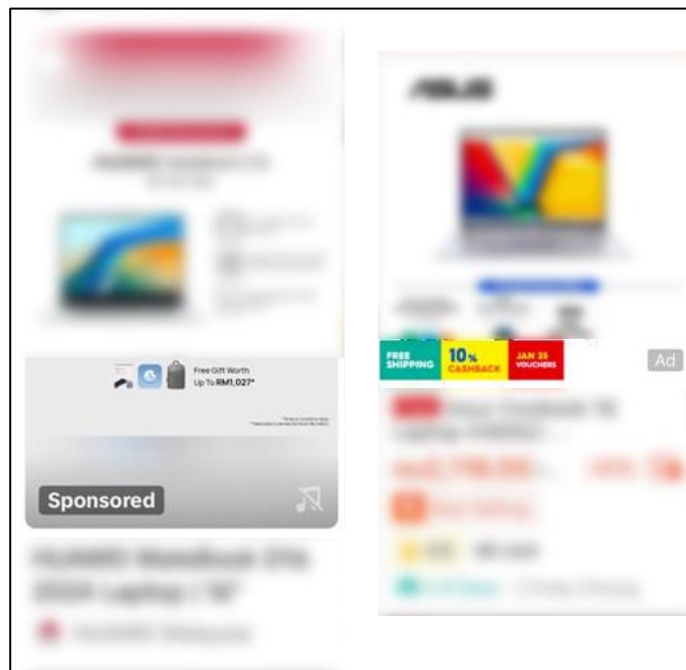
Source: Shopee, TikTok Shop and Lazada

Merchants are able to select various types of advertisements within marketplaces and associated digital ecosystems to drive product visibility, consumer engagement, and ultimately sales conversions. These advertising options can generally be classified into on-platform and off-platform solutions.

- **On-platform advertisements:** Refers to paid promotional activities conducted directly within the marketplace's own ecosystem. These typically include keyword-based search ads, sponsored product placements, display and banner ads, as well as tools that amplify live commerce or video content. Such ads are designed to target users already active on the marketplace, influencing purchase decisions by increasing product prominence in search results, category listings, or curated campaigns.

- **Search-based ads:** These ads allow merchants to bid on specific keywords, so their products appear prominently when consumers search for related terms on the marketplace. By targeting high-intent shoppers actively looking for particular items, search-based ads help capture existing demand and drive direct conversions. Shopee's Product Search Ads ²⁸⁴, TikTok's Product GMV Max campaign ads ²⁸⁵ and Lazada's Sponsored Max (Product) ²⁸⁶ exemplify this approach, enabling sellers to secure prime placement in search results by optimising keyword strategies and bids.

Figure 36: Sponsored listing observed on Shopee and TikTok Shop



Source: Shopee and TikTok Shop

Advertised products on search results are labelled as “sponsored” or “ad”, indicated by a specific icon. However, the visibility of these products is also influenced by the platform’s algorithm, which determines product ranking based on various factors, including the

²⁸⁴ Shopee (2025). Product search ads. <https://ads.shopee.com.my/ad-types/92>

²⁸⁵ TikTok (2025). About Product GMV Max. <https://ads.tiktok.com/help/article/about-product-gmv-max?lang=en>

²⁸⁶ Lazada (2025). Sponsored Max. <https://www.lazadasolutions.com/solutions-overview/sponsored-max/#on-platform>

ad spent by the merchant²⁸⁷. According to MyCC's merchant survey, 47% of merchants reported that platforms provide sufficient and clear information on how their ranking processes operate, while 40% stated the explanation could be clearer, and 13% said it was insufficient²⁸⁸. This highlights persistent concerns over algorithm transparency and merchant understanding of ranking determinants.

- **Discovery and display ads:** Designed to expose products to consumers who may not be actively searching but are browsing categories, curated feeds, or homepage sections. This ad type stimulates impulse consideration and broadens reach by positioning products where they can catch shopper interest organically. Shopee's Discovery ads²⁸⁹ and Lazada's Sponsored Discovery serves as a typical example, showcasing promoted listings across various non-search placements within the platform.
- **Store-focused ads:** Focuses on driving traffic to a seller's storefront. This supports brand-building and encourages consumers to explore a broader range of offerings within the shop, increasing opportunities for cross-selling and larger basket sizes. Shopee's Shop Search Ads²⁹⁰ and Lazada's Sponsored Max (Store)²⁹¹ illustrate this mechanism by elevating full stores in response to relevant shopper queries.
- **Live shopping ads:** Unique to social commerce ecosystems, TikTok Shop integrates GMV Max campaign ads²⁹² which promote scheduled live commerce sessions to drive immediate audience participation. It optimises bidding strategy that focuses specifically on maximising gross merchandise value during live sessions. Both formats are designed to capture real-time engagement and purchasing behaviour, often by leveraging urgency and interactive product demonstrations.

²⁸⁷ Input from IDI.

²⁸⁸ MyCC's survey.

²⁸⁹ Shopee (2025). Discovery ads. <https://ads.shopee.com.my/ad-types/93>

²⁹⁰ Shopee (2025). Product search ads. <https://ads.shopee.com.my/ad-types/94>

²⁹¹ Lazada (2025). Sponsored Max. <https://www.lazadasolutions.com/solutions-overview/sponsored-max/#on-platform>

²⁹² TikTok (2025). About LIVE GMV Max. <https://ads.tiktok.com/help/article/about-live-gmv-max?lang=en>

- **Off-platform advertisements:** Refers to paid promotions that are utilised by marketplace merchants to promote their products and stores on external third-party platforms through marketplace's integrated advertisement mechanism. These campaigns are typically executed across channels such as Meta, Google, or other affiliated networks, and are designed to direct traffic and acquire new customers by funnelling them back to the merchant's storefront within the marketplace environment.
- **Third-party platform ads:** Merchants can leverage external digital channels like Meta (Facebook and Instagram) and Google to promote their marketplace listings. Marketplaces such as Shopee²⁹³ and Lazada²⁹⁴ facilitate these initiatives directly through their seller dashboards, enabling merchants to purchase advertising credits, allocate budgets, and manage campaigns that run on these third-party platforms. This approach extends visibility beyond the marketplace's native audience and helps merchants acquire new customers by funnelling broader online traffic into their marketplace stores.

Although advertising packages are available to enhance visibility, their effectiveness can be unpredictable due to the opaque nature of the algorithms that govern product promotion. Merchant survey findings suggest that 83% perceive high rankings or being featured as recommendations to have either a significant (36%) or moderate (47%) impact on sales, with only 17% reporting minimal or no impact²⁹⁵. This underscores the commercial importance of ranking optimisation, whether achieved organically or via paid promotion.

However, ranking visibility often comes at a cost: 33% of surveyed merchants currently pay for sponsored ranking of their store, while 67% rely on organic or non-sponsored placements. From which, only 55% of merchants find the outcome of the sponsored ranking and promotions to

²⁹³ Shopee (2025). Facebook Ads. <https://ads.shopee.com.my/learn/faq/229/998> ; and Shopee (2025). Google Ads. <https://ads.shopee.com.my/learn/faq/273/1149>

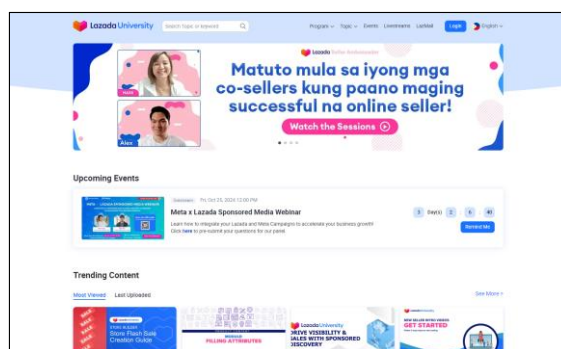
²⁹⁴ Lazada (2025). Collaborative Ads. <https://www.lazadasolutions.com/solutions-overview/collaborative-ads/#off-platform>

²⁹⁵ MyCC's survey.

be positive, 17% found it neutral and 28% found no visible impacts²⁹⁶. Merchants with low visibility frequently struggle due to inefficient marketing spend and limited knowledge or budget for effective keyword-based marketing.

To support their success, most marketplaces offer educational programmes such as Lazada University, Shopee Seller Education Hub, TikTok Shop Academy, which aimed to improve merchants' digital literacy and business strategies.

Figure 37: Lazada University



Source: Lazada

(I) Performance management and tracking

Merchants on key marketplaces such as Shopee, Lazada, and TikTok Shop are provided with a suite of store management tools designed to facilitate day-to-day operations, optimise fulfilment processes, and drive sales growth. These tools typically include functionalities for product listing, inventory management, logistics coordination, performance monitoring, and promotional campaign execution. A summary of the tools offered by each platform is provided below:

²⁹⁶ MyCC's survey.

Table 24: Examples of marketplace store management tools for merchants

Shopee	Lazada	TikTok Shop
1. Shopee Seller Center	1. Lazada Seller Center	1. TikTok Seller Center
2. Product Listing Tools	2. Growth Center	2. Product Management
3. Integrated Logistic System	3. Product Listing Tools	3. Order & Logistics Management
4. Business Insights	4. Integrated Logistic System	4. Customer Service Features
5. Sales and Campaign Portal	5. Business Insights	5. Seller Performance Metrics
	6. Sales and Campaign Portal	6. Growth Centre

Source: Shopee, Lazada, TikTok Shop

Marketplaces also provide merchants with general data in support of their growth:

1. **Sales:** Sales by product category, order price, gross merchandise value (GMV), average GMV.
2. **Store:** Product clicks, unique views, average visiting time.
3. **Services:** Enquiry rate, Chat Response Rate (CRR), FRT, ART, conversion rate.
4. **Traffic:** Page views, visitors, view-to-click rate, and click-to-paid rate
5. **Marketing:** Performance of marketing tools.
6. **General aggregated data:** To help merchants on trend identification.

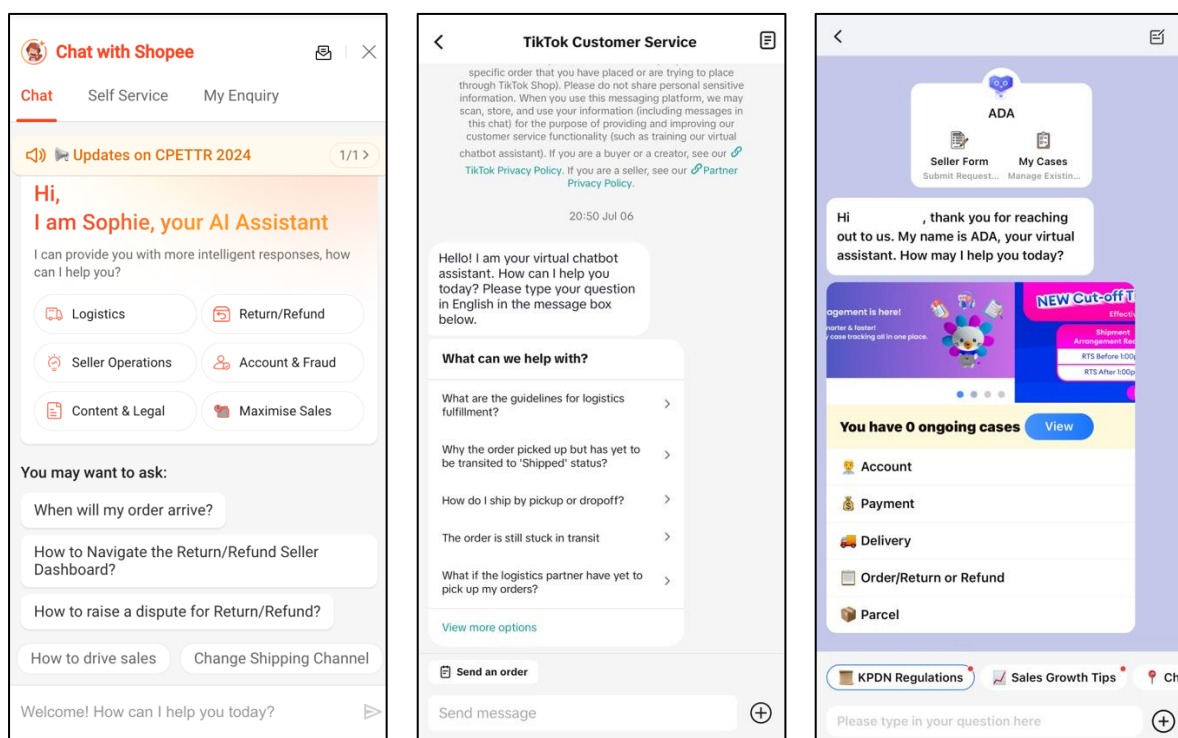
Buyers' personal information is hidden and not accessible.

(m) Complaints and disputes

For complaints and disputes, merchants can submit them through the marketplaces' dedicated seller centres, virtual assistants (e.g., Lazada's ADA, Shopee's Shop AI Assistant, TikTok Shop's Customer Service Chat Assistant), or via their RMs. The complaints or disputes are then processed either manually or automatically, depending on their complexity. Typical resolution times range from less than one to five business days. Merchants commonly face the following issues:

- **General complaints:** These encompass routine operational concerns, such as issues with account functionalities, billing errors, advertising credit discrepancies, or queries related to platform tools. Such matters are often resolved through automated systems or standardised workflows within the seller centre interfaces. Merchants typically initiate these through the platform's dedicated portals to engage customer service representatives and resolve matters in real time; where issues require further scrutiny, they are escalated via email with formal reports lodged for follow-up.

Figure 38: Illustration of marketplace live chat support function for merchants



Source: Shopee, TikTok Shop and Lazada

- **Return and refund disputes:** These disputes arise when merchants challenge return requests or refund decisions they believe are inconsistent with platform policies or unfairly biased toward buyers. Such cases often necessitate a more thorough review, including the submission of supporting evidence like shipping documents, packing videos, or product photos, before a final determination is made by the marketplace's manual adjudication teams²⁹⁷.

(n) Violations and penalties

Penalty framework is a mechanism employed by e-commerce platforms to uphold marketplace integrity, ensure regulatory compliance, and

²⁹⁷ Shopee (2025). How does Shopee resolve a dispute. <https://help.shopee.com.my/portal/4/article/79018> ; Lazada (2025). How do I manage a dispute? https://sellercenter.lazada.com.my/helpcenter/s/faq/knowledge?&m_station=BuyerHelp&questionId=1000148328&hybrid=1&categoryId=1000027793 ; and

safeguard consumer trust. Key platforms such as Shopee, Lazada, and TikTok Shop maintain comprehensive violation point systems and sanctions to deter non-compliant seller behaviour across multiple domains, ranging from improper listings to intellectual property infringements and customer service misconduct. These penalties are designed not only to address misconduct swiftly but also to incentivise sustained adherence to platform standards by directly linking seller privileges and store viability to compliance performance.

Table 25: Merchant's violation and penalty point policies across key marketplaces, as of July 2025

Area of violation	Description	Shopee ²⁹⁸	Lazada ²⁹⁹	TikTok Shop ³⁰⁰
Product listings	<ul style="list-style-type: none"> • Inappropriate product category • Listing or shipping prohibited products • Listing or shipping unsupported products • Non-compliance to listing guidelines 	Up to 6 points	Deactivation of product + up to 2 points	0-48 points
Product quality	<ul style="list-style-type: none"> • Product quality violation during sample inspection 	N/A	N/A	0-48 points
Intellectual property rights	<ul style="list-style-type: none"> • Intellectual Property (IP) infringement • Counterfeit products • Knockoff products 	Up to 6 points + listing deletion	Deactivation of product + up to 48 points	0-48 points

²⁹⁸ Shopee (2025). How are penalty points issued? <https://seller.shopee.com.my/edu/article/2082/calculate-seller-penalty-points-issued>

²⁹⁹ Lazada (2025). Overview of non-compliance points chart. https://sellercenter.lazada.com.my/helpcenter/s/faq/knowledge?&language=en-US&m_station=BuyerHelp&questionId=1000148615&hybrid=1&categoryId=1000027815

³⁰⁰ TikTok (2025). Violation reasons, points & enforcement actions for sellers. https://seller-my.tiktok.com/university/essay?knowledge_id=6945796432643841&role=1&course_type=1&from=search&identity=1

Area of violation	Description	Shopee ²⁹⁸	Lazada ²⁹⁹	TikTok Shop ³⁰⁰
Fulfilment	<ul style="list-style-type: none"> Non-Fulfilment Rate (NFR) > 10% High seller-fault cancellation rate (SFCR) High late dispatch rate (LDR) High seller-fault return/refund rate 	1-4 points	N/A	2-4 points
Contents	N/A	N/A	N/A	1-48 points
Competition or unfair trade	<ul style="list-style-type: none"> Fake web traffic Local shop acquired through unofficial means. 	Account freeze/ban and up to 9 points	Up to 48 points	N/A
Customer service	<ul style="list-style-type: none"> Rude or abusive reply Request for buyers to cancel orders Chat spam 	2 points or account restriction	Up to 48 points	1-12 points
Seller and product qualifications	<ul style="list-style-type: none"> Missing qualifications Expired qualifications Inauthentic qualifications 	N/A	Up to 48 points	4-48 points

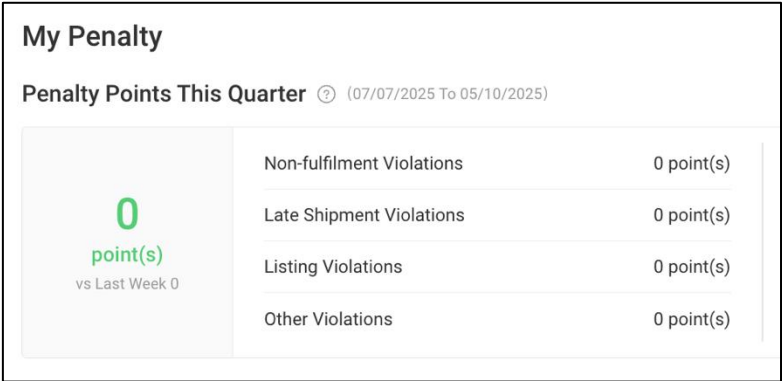
Source: Shopee, TikTok Shop and Lazada

While Shopee, Lazada, and TikTok Shop each employ a points-based system to track seller violations, these frameworks differ significantly in structure, enforcement thresholds, and ultimate business impact.

- **Shopee:** Maintains a highly operationalised approach where penalty points are not only tied to direct policy violations such as prohibited listings, counterfeit goods, or false transactions, but also to performance metrics encompassing fulfilment reliability, customer service, and customer satisfaction. This system is recalibrated

weekly, with penalty points updated every Monday based on the preceding seven-day performance, effectively integrating operational quality into the compliance framework. As a result, sellers face continuous scrutiny and can incur penalties even for routine lapses like elevated non-fulfilment or late shipment rates, necessitating robust process controls to maintain account health.

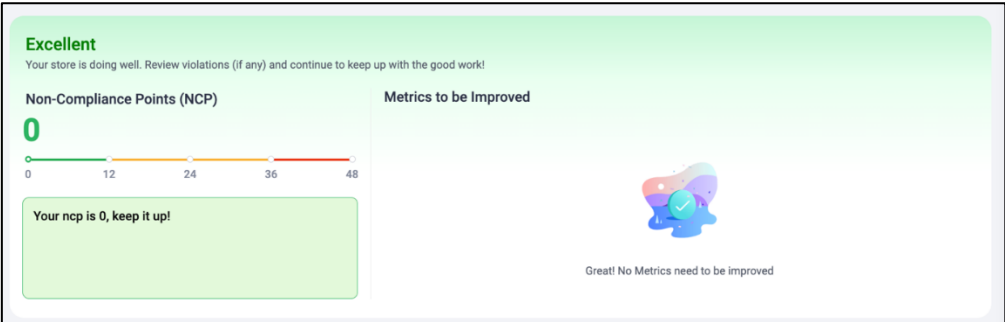
Table 26: Illustration of violation point system on Shopee



Source: Shopee

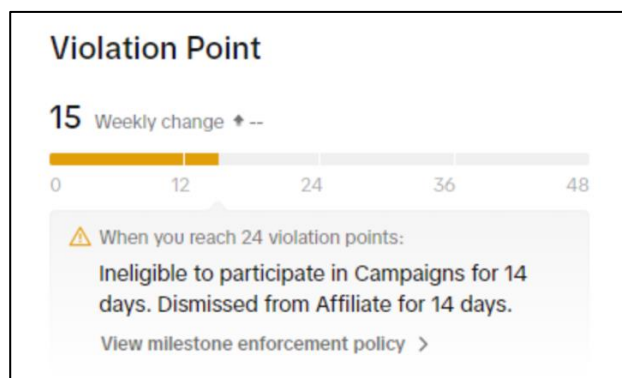
- Lazada:** Adopts a more event-driven penalty structure, reserving substantial point allocations, in some cases up to 48 points for a single violation. Primarily for significant breaches such as intellectual property infringements, counterfeit sales, or failures to maintain required business qualifications. This positions Lazada’s points system as a sharper instrument focused on curbing severe misconduct of merchants to uphold platform integrity.

Table 27: Illustration of violation point system on Lazada



- **TikTok Shop**³⁰¹: Manages seller compliance through a Violation Point system tied to clear milestones. Merchants receive points for breaking platform rules such as listing prohibited items, failing quality checks, or violating customer service standards with points assigned based on the severity of the breach. Points accumulate over 90 days, resetting unless a merchant hits 48 points, which results in a permanent ban. At 12, 24, and 36 points, merchants face escalating penalties: from temporary loss of access to campaigns and affiliate programmes, to restrictions on new listings, reduced livestream traffic, and ultimately a 28-day shop suspension. The platform also warns merchants roughly five points before each threshold, providing a chance to improve. Beyond these milestones, TikTok Shop can take additional actions at any time, such as delisting products, limiting shop activity, or withholding funds during investigations. This structure means sellers must actively monitor their points and ensure full compliance to avoid disruptions or permanent loss of their business on the platform.

Table 28: Illustration of violation point system on TikTok Shop



³⁰¹ TikTok (2025). Violation points and milestones for sellers. https://seller-my.tiktok.com/university/essay?knowledge_id=4090650572211970&default_language=en&identity=1

Shop Health
Monitor your shop status based on TikTok Shop policies to keep it in good standing

Overview Violation Records Warning Records

Record ID Search a record ID Start date - End date Select violation type

Select punishment type Select violation status Select appeal status [Reset](#)

Record ID	Violation Type	Create Time	Violation Reason	Enforcement Type	Appeal Status	Action
7323162893363527938	Policy Compliance	12/01/2024 19:01:31	Unauthorized use of original image.	Product Listing Freeze	Enforced Appeal failed	Violation details Appeal details
7323151805490266370	Policy Compliance	12/01/2024 18:15:55	Unauthorized use of original image.	Product Listing Freeze	Enforced In appeal	Violation details Appeal details
7323139470780514561	Policy Compliance	12/01/2024 17:34:17	Unauthorized use of original image.	Product Listing Freeze 12 Violation Point(s) Assigned to Shop	Enforced In appeal	Violation details Appeal details
7322365762558279943	Policy Compliance	10/01/2024 15:37:01	Ineligible for Appeal	11 Violation point(s)	Enforced Not appealed	Violation details Appeal

Source: TikTok Shop

(o) Other areas

- **Payout period:** Marketplaces usually take 2 to 7 working days in crediting earnings to merchants.
- **Account termination / suspension:** E-commerce marketplaces operate structured enforcement systems to manage seller compliance, typically involving a combination of penalty points, violation categories, and graduated sanctions. Common triggers for enforcement include policy breaches, operational underperformance and content or promotional violations. Enforcement actions can range from warnings and temporary feature restrictions to suspension or permanent termination of the seller account. In some cases, marketplaces may also restrict access to sales proceeds or impose financial penalties until investigations are concluded³⁰².

³⁰² MyCC's survey; Shopee (2025). Account suspension, fraud and violations. <https://seller.shopee.com.my/edu/article/8223>; TikTok (2025). Violation reasons, points & enforcement actions for sellers. https://seller-my.tiktok.com/university/essay?knowledge_id=6945796432643841&default_language=en&identity=1

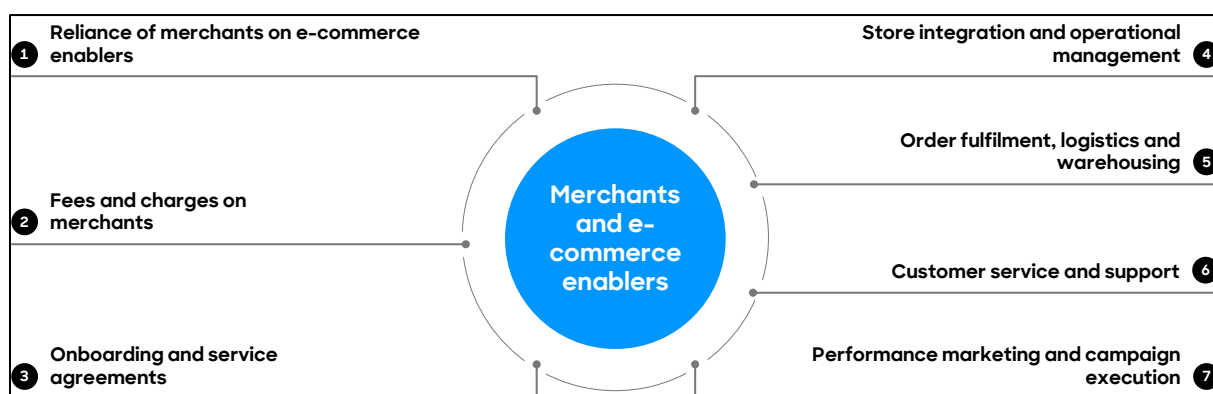
Merchant survey findings indicate that 16% of sellers have experienced account suspension or termination, while 84% have not faced such actions. Suspension durations vary depending on the severity and recurrence of violations, with some cases being time-limited and others indefinite. Appeals processes are generally available, though resolution timelines and reinstatement outcomes vary.

- **Customer returns:** Customers can return products if they are incorrect, incomplete, or not as described. Marketplaces typically hold payments until disputes are resolved. For example, Shopee's Shopee Guarantee service holds payments temporarily, and if a return is approved, sellers are not charged commission or transaction fees. Depending on the reason selected, buyers may need to provide evidence. For example, for "missing parcel" claims, no proof may be required, but "damaged item" requests need photo or video evidence and product return. Merchants must submit tickets with details to recover transportation costs. If the issue is their fault, they bear the shipping fees. Customers can contact merchants through marketplace chat functions³⁰³.
- **Other support programmes:** There are also various programmes offered by marketplaces to support merchants' operations - For example, Shopee merchants can claim shipping fees for change-of-mind orders. However, this requires actively checking cancelled orders and manually filing claims. There are also specific quotas on claims per month with a maximum claim of MYR 20 per order. In view of this, Shopee's introduced its Seller Shipping Fee Saver (SSFS) programme, where merchants pay a fee of MYR 0.20 per order. This allows them to receive up to MYR 80 per order in refunds, with no claim quota for returns and refunds.

³⁰³ Input from IDI.

2. Merchants and e-commerce enablers

Figure 39: Market practices between merchants and e-commerce enablers



Source: MyCC analysis

(a) Partnership with e-commerce enabler

E-commerce enablers have emerged as strategic partners for merchants seeking to scale their digital commerce operations. These enablers offer end-to-end solutions encompassing online channel management, performance marketing, fulfilment, and customer service. By acting as strategic outsourced operators, they support merchants in navigating the operational and compliance complexities of e-commerce platforms such as Shopee Mall and LazMall. This includes meeting platform-specific requirements related to fulfilment speed, chat responsiveness, refund/return protocols, and customer ratings. For merchants, especially those without in-house digital teams, such partnerships enable sustained platform compliance, operational scalability, and enhanced store performance.

(b) Fees and charges on merchants

Engagement models with enablers typically consist of a fixed monthly retainer combined with variable performance-based fees, which commonly average around 10% of a merchant's GMV. However, enablers have observed rising operational demands driven by evolving platform standards such as stricter fulfilment timelines, expanded advertising needs,

and higher content quality thresholds. These shifting requirements have contributed to increasing cost pressures, which may affect the margin for enablers and might be passed on to merchants³⁰⁴.

Furthermore, e-commerce enablers provide a range of services to merchants, particularly in areas of online store management, supply chain management, customer support and product data analysis.

(c) Onboarding and service agreements

Merchants typically sign service agreements detailing deliverables, fees, and performance metrics. Merchants have the option to partner with “certified” enablers that are preferred and recommended by the platform, specifically those that comply with their internal benchmarks on operations and engagement KPIs. For new merchants wanting to build their online e-commerce channel, enablers facilitate the onboarding process for merchants by handling the technical and administrative tasks associated with setting up online stores. This includes registering on various marketplaces, setting up product listings, and ensuring compliance with platform policies.

(d) Store integration and operational management

E-commerce enablers help brands and merchants maintain operational efficiency and consistency across e-commerce marketplaces. One of their core functions lies in store integration, where they assist brands in listing products, synchronising inventory, and maintaining consistent pricing across multiple online sales channels, ranging from Shopee, Lazada, TikTok Shop and brand-owned websites.

Beyond integration, enablers manage of the day-to-day operations on these digital storefronts. This includes managing promotions, updating stock levels, coordinating flash sales participation, and ensuring timely responses to platform algorithms and policy changes. Enablers typically operate through centralised performance dashboards, allowing them to monitor real-time store health indicators such as traffic, conversion, sales,

³⁰⁴ Input from IDI.

and reviews. These insights enable rapid, data-driven adjustments to campaign strategies and product optimisation.

(e) Order fulfilment, logistics and warehousing

To meet increasingly stringent fulfilment requirements from platforms, enablers offer logistics support that covers inventory storage, order processing, and last-mile coordination. Many maintain centralised warehouses that allow for efficient picking, packing, and dispatching of orders. This setup not only improves delivery timelines but also helps reduce error rates and handling costs.

Furthermore, enablers often integrate with multiple third-party logistics (3PL) partners or provide direct courier services, enabling merchants to tailor their logistics approach based on cost, speed, and service level preferences. These infrastructure solutions are especially beneficial for brands without existing logistics capacity, supporting service reliability and fulfilment consistency.

(f) Customer service and support

To sustain merchant reputations and marketplace performance metrics, enablers handle day-to-day customer engagement on behalf of merchants. E-commerce platforms typically mandate rigid service-level agreements (SLAs) that require merchants to respond to customer inquiries within defined timeframes to maintain high chat response rates and favourable seller ratings. These services typically include managing customer chats, responding promptly to questions, and addressing concerns within platform-mandated deadlines, thus ensuring compliance and safeguarding merchants from potential penalties or reduced visibility.

Beyond real-time communication, enablers also manage post-purchase interactions such as processing returns, handling refunds, and monitoring customer feedback and reviews. By centralising these functions, enablers help merchants to maintain consistent and professional customer service standards without diverting internal resources.

(g) Performance marketing and campaign execution

Many enablers offer specialised marketing capabilities that span campaign planning, execution, and optimisation across key digital touchpoints such as Shopee Ads, Lazada Sponsored Solutions, TikTok Shop Ads, Facebook, and Google. This includes both performance-driven and brand-building strategies, as well as affiliate marketing and influencer engagement.

Enablers utilise data-driven insights and advanced analytics to tailor campaigns that align with merchants' objectives, whether it's driving traffic, increasing conversions, or enhancing customer retention. By managing and optimising these campaigns, enablers help merchants navigate the complexities of digital advertising, ensuring that marketing budgets are utilised efficiently to maximise sales and brand visibility.

3. Marketplaces and e-commerce enablers

Marketplaces in Malaysia are increasingly formalising their partnerships with e-commerce enablers as a strategic move to uphold operational efficiency and enhance the end-customer experience. As such, major platforms have introduced structured eligibility and performance frameworks that enablers must meet to qualify for official partnership status, effectively filtering for eligible enablers with proven operational maturity. Enablers that meet these criteria may receive support from marketplaces through promotion and referrals to new merchants.

(a) Eligibility

To qualify as an official partner, enablers must meet minimum thresholds that reflect commercial scale and operational readiness. While specifics vary across platforms, common criteria include a minimum volume of managed sales or orders, the ability to support multiple storefronts, and the availability of warehousing or fulfilment infrastructure. These eligibility thresholds ensures that only enablers with proven operational maturity and scalability are integrated into the marketplace ecosystem.

- **Lazada:** Requires enablers to manage a minimum of USD 600,000 in GMV or average 100,000 orders per quarter and operate at least three LazMall stores per country³⁰⁵.
- **Shopee:** Eligibility requires the enabler to manage at least three active Shopee seller stores. The enabler should also have an official company website, Facebook page, or LinkedIn page that clearly lists the services³⁰⁶.

Figure 40: Illustration of eligibility for Shopee-certified enablers programme

Shopee-Certified Enablers Programme Details

To join the Shopee-Certified Enablers Programme, you can learn more about the **criteria, registration, scoring, and performance tiers** below.

Criteria

To register for the Shopee-Certified Enablers Programme, you will need to be **managing at least 3 sellers** on Shopee. You should also have an official company website, Facebook page, or LinkedIn page that clearly lists the services you provide.

Upon registration, you are expected to fulfil these responsibilities:

1. All shops that you manage must be declared and they will be considered part of the Shopee-Certified Enablers Programme.
2. You must update Shopee whenever the shops you manage are added or removed, or when there are changes to the services you provide.

Registration

To register, fill in the [Shopee-Certified Enablers Programme form](#) during the final month of the quarter. You will be notified of the outcome via email by the first day of the next quarter.

Source: Shopee

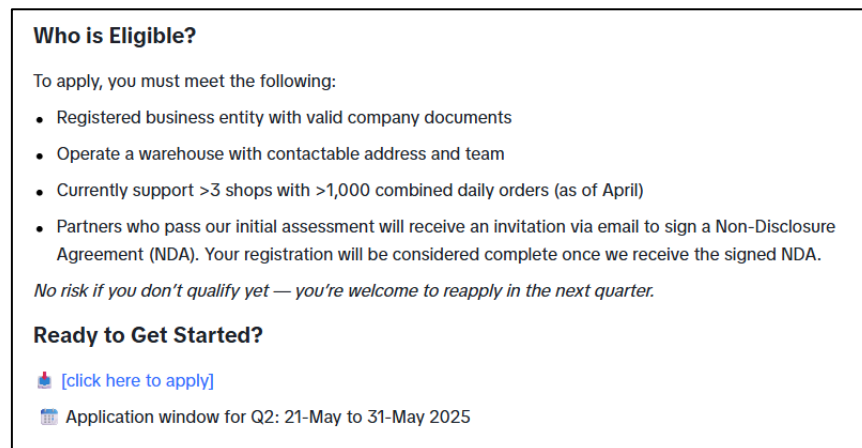
- **TikTok Shop:** Enablers must operate a dedicated warehouse, support a minimum of three merchant shops, and process a combined volume of at least 1,000 daily orders³⁰⁷.

³⁰⁵ Input from industry players.

³⁰⁶ Shopee (2025). Shopee-certified enablers programme: Information for enablers. <https://seller.shopee.com.my/edu/article/7201>

³⁰⁷ TikTok (2025). TikTok Shop Certified Fulfilment Partner Program. https://seller-my.tiktok.com/university/essay?knowledge_id=5600411651163920&default_language=en&identity=1

Figure 41: Illustration of eligibility for TikTok Shop-certified fulfilment partner programme



Source: TikTok Shop

(b) Certification and tiering programmes

Major marketplaces such as Shopee, Lazada, and TikTok Shop have implemented enabler programmes built around tiered evaluation systems, creating a standardised framework for performance monitoring and partner incentivisation. These programmes are designed not only to rank service quality, but also to help merchants identify reliable enablers. While the structures differ slightly between platforms, it is aimed to create a system that recognises high-performing enablers and encourages continual service improvement and platform operational adherence.

Across platforms, common performance metrics used in these certification programmes include fulfilment accuracy, chat response rates, and campaign engagement levels. Enablers are also assessed on their operational capacity such as the number and scale of merchants managed and their adherence to platform-specific compliance requirements. The evaluation process is often recurring on a quarterly basis, ensuring that enabler performance remains aligned with evolving platform priorities.

For instances, Shopee's Certified Enabler Programme adopts a point-based framework that categorises enablers into two official tiers, under Certified and Premium enablers. Enablers are ranked based on points

accumulated from the weekly performance of all the shops they manage, with points awarded across various KPIs such as fulfilment reliability, campaign participation, and customer interaction metrics³⁰⁸.

On the other hand, Lazada adopts a certification and star-ranking system, segmenting enablers from Certified (no star) up to Three-Star Certified Partners. This structured evaluation mechanism assesses enablers across multiple dimensions, including operational reliability, adherence to listing requirements, sponsored solutions (ads) spending, and merchant onboarding capabilities³⁰⁹.

TikTok Shop operates a dual certification framework that distinguishes between content-driven and fulfilment-driven enablers. Under the TikTok Shop partner (TSP) certification programme, enablers are classified into three tiers of bronze, silver, and gold. Performance metrics are measured based on their capabilities in content creation (including live and short videos), shop management, and operations training³¹⁰. Separately, the TikTok Shop Certified Fulfilment Partner Programme assesses logistics enablers under three categories of registered, certified, and advanced fulfilment partners³¹¹.

While certification provides a structured framework for evaluation and recognition, enablers are also expected to meet a set of ongoing operating requirements. These span meeting fulfilment requirements, participation in platform ecosystem activities and visual & product listing requirements.

³⁰⁸ Shopee (2024). Shopee-certified enabler programme: information for enablers. <https://seller.shopee.com.my/edu/article/7201>

³⁰⁹ Input from IDI.

³¹⁰ TikTok Shop (2025). TikTok Shop Partner (TSP) Certification Programme 2025. https://seller-my.tiktok.com/university/essay?knowledge_id=7182621567469313&default_language=en&identity=1

³¹¹ TikTok (2025) TikTok Shop certified fulfilment partner program. https://seller-my.tiktok.com/university/essay?knowledge_id=5600411651163920&default_language=en&identity=1

(c) Operational requirements and obligations for enablers

- **Fulfilment requirements**

Fulfilment capabilities are a core operational requirement for enablers across all major e-commerce platforms in Malaysia, serving as a foundational criterion in both eligibility and ongoing performance evaluation. Enablers are expected to maintain logistics infrastructure and processes that are efficient and aligned with platform-specific SLAs. KPIs typically tracked include fast shipment rates, non-fulfilment rates, parcel damage rates, and order cancellation rates, each reflecting an enabler's ability to deliver a seamless and reliable customer experience.

Platforms have also introduced more granular metrics to reinforce operational measures. For example, Shopee monitors fast handover rates (orders made before 12:00 PM are dispatched within the same day)³¹² and Saturday parcel handover performance, while applying penalties for late shipments and non-fulfilment incidents. TikTok Shop enforces SLA metrics on fast dispatch rate and next-day delivery similar to Shopee. Lazada benchmarks enablers on fast fulfilment execution and low cancellation rates. In parallel with logistics KPIs, platforms also assess enablers on customer-facing metrics such as chat response rates, which serve as proxies for customer service quality and responsiveness. Collectively, these operational obligations ensure that enablers remain tightly integrated into the platform's value chain while upholding service standards that directly impact end-customer satisfaction.

In addition to existing operational KPIs, Shopee is introducing more direct financial accountability measures specifically targeted at Shopee Mall sellers. Effective 21 July 2025, Shopee will impose a handling fee (10% of cancelled items' value or capped at RM5) on Mall sellers who exceed 10 cancelled orders per week, applicable to cancellations arising from no shipment arranged or out of stock situations³¹³.

³¹² Shopee (2025). Understanding days to ship (DTS). <https://seller.shopee.com.my/edu/article/1136>

³¹³ Shopee (2025). Shopee's fulfilment policy: Charge for cancelled orders. <https://seller.shopee.com.my/edu/article/25252>

- **Participation in platform ecosystem activities**

Active participation in platform-driven ecosystem activities such as paid advertising and promotional campaigns has become a component of enabler performance evaluation. While marketplaces increasingly view campaign participation and paid advertising as key levers for merchant growth and traffic uplift, they have placed strategic emphasis on enabler participation in these initiatives.

On Shopee, enablers are encouraged to ensure their managed stores regularly participate in platform initiatives such as Shocking Sales, voucher-based promotions, and commercial campaigns. These activities are directly tied to Shopee's Certified Enabler Programme, which assigns scoring weight to campaign participation. In parallel, Shopee also evaluates enabler performance based on advertising spend through Shopee Ads, with a revised recommended spend threshold of USD 150 per week per managed store effective 1 April 2025. While not mandatory, consistent ad spend influences enabler scoring and eligibility for premium-tier status. Furthermore, effective 1 July 2025, Shopee introduced a new requirement under the Enabler Programme, whereby Certified Enablers must ensure that at least 80% of their SKUs are activated on Affiliate Marketing Solutions (AMS) to enable broader affiliate driven promotion.

Lazada employs a comparable mechanism via Lazada Sponsored Solutions, where enablers are assessed on their utilisation and growth in ad spend across multiple product formats including Sponsored Discovery, Sponsored Media, Sponsored Affiliate, Sponsored Store, Sponsored Max, and the New Product Launcher. Points are awarded based on absolute spend as well as month-on-month growth, incentivising enablers to actively contribute to platform monetisation and traffic generation goals. These ecosystem engagement metrics underscore a shift in platform-enabler relationships from purely operational support toward strategic co-investment in sales performance and brand amplification.

- **Visual and product listings requirements**

E-commerce marketplaces place growing emphasis on content quality as a crucial lever for improving product listings. Content assets such as storefront visuals, keyword-optimised captions, product videos, and infographics are evaluated by platforms to ensure listings meet quality benchmarks³¹⁴. Both Shopee and Lazada have formalised content quality checklists, guiding enablers and merchants on optimal listing practices such as video inclusion, key attributes fill rates and stock availability ratio.

Figure 42: Scoring on video content

No	Metrics	Excellent	
		Criteria	Score
12	Shopee Video*	Min 1 new video uploaded /week	2

Source: Shopee

Shopee placed stronger emphasis on dynamic content generations from enabler managed stores. An April 2025 update under the Certified Enabler Programme introduced a new video upload metric that encourages enablers to upload at least one new video on Shopee platform to improve information exploration. This behaviour is rewarded through additional performance points, which may contribute to enabler ranking and tier retention.

On the other hand, Lazada places emphasis on listing completeness and product stock availability, including metrics such as key attributes fill rate which ensures that essential product fields are populated for completeness and availability to purchase Stock Keeping Unit (SKU) ratio, which measures the share of listed products that are in-stock and actively purchasable.

³¹⁴ Shopee (2022). Using Product Diagnosis. <https://seller.shopee.com.my/edu/article/2200>

(d) Platform-led publicity and marketplace matchmaking practices

Top-performing enablers are increasingly rewarded with platform-led publicity, matchmaking processes, and exclusive visibility privileges. This is part of a broader strategy to direct merchants toward verified partners with proven operational and commercial capabilities, while simultaneously incentivising enablers to maintain high performance standards.

On Shopee, enablers that consistently meet platform KPIs and achieve premium tier rankings within the Certified Enabler Programme are granted access to enhanced visibility. Certified enablers would be featured on the Seller Education Hub, the quarterly email to sellers, as well as announcements on Shopee Seller Centre³¹⁵.

Figure 43: Tiering benefits of TikTok Shop certified fulfilment partner (TSP)

Benefit	Registered Fulfilment Partner	Certified Fulfilment Partner	Advance Fulfilment Partner
Weekly Ops Dashboard	✓	✓	✓
Onsite Pickup Mgmt	✓	✓	✓
Pickup until 8PM	✓	✓	✓
Public Recognition		✓	✓
Badge Usage		✓	✓
SES Exemption		✓	✓
Dedicated Service Line		✓	✓
Physical Trophy			✓
Exclusive access to enquiring sellers			✓

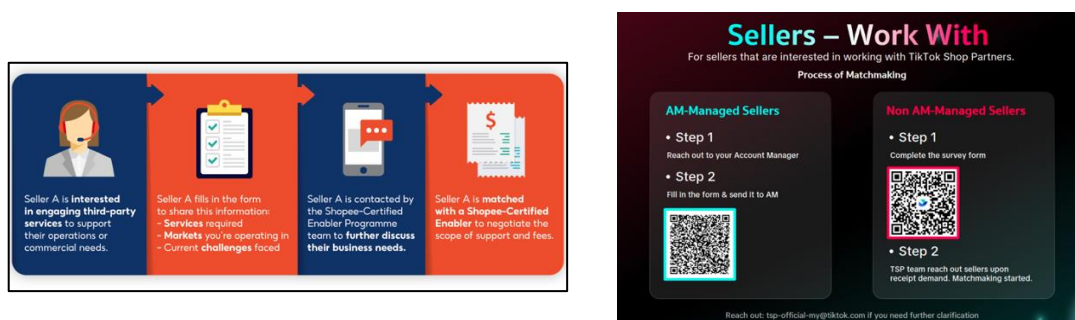
Source: TikTok Shop

On TikTok Shop, certified enablers also benefit from formal recognition and referral infrastructure. Within the TikTok Shop Partner (TSP) and Certified Fulfilment Partner Programmes, top-tier enablers, particularly those in the “advanced tier” would receive exclusive business expansion opportunities

³¹⁵ Shopee (2024). Shopee-certified enablers programme: information for enablers. <https://seller.shopee.com.my/edu/article/7201>

and a certified badge as recognition of their performance. Additional benefits include a quarterly penalty waiver for fulfilment-related issues and dedicated operational support. TikTok further promotes these enablers through quarterly features on Seller Academy and official newsletters, increasing their visibility within the seller community³¹⁶.

Figure 44: Matchmaking mechanism on e-commerce platforms



Source: Shopee³¹⁷, TikTok Shop³¹⁸

Across both Shopee and TikTok Shop, these recognition efforts are reinforced by structured matchmaking mechanisms that connect merchants with certified enablers based on business size, category expertise, and geographic coverage. This platform-driven referral funnel not only directs merchant demand toward trusted partners but also offers high-performing enablers a competitive advantage through platform in-bound leads and accelerated business growth opportunities.

In contrast, Lazada adopts a more open-market approach via its Lazada Service Marketplace, a dedicated in-platform directory where sellers can independently discover, evaluate, and engage with a broad array of third-party service providers. These services span multiple functions including fulfilment, content creation, graphic design,

³¹⁶ TikTok (2025). TikTok Shop certified fulfilment partner program. https://seller-my.tiktok.com/university/essay?identity=1&role=1&knowledge_id=5600411651163920&from=courses

³¹⁷ Shopee (2025). Shopee-certified enablers programme. <https://seller.shopee.com.my/edu/article/7838/shopee-certified-enablers>

³¹⁸ TikTok (2025). TikTok Shop Partner (TSP) certification programme 2025. https://seller-my.tiktok.com/university/essay?identity=1&role=1&knowledge_id=7182621567469313&from=courses

customer service, and campaign operations. The platform offers merchant-facing tools to directly contact and book services, positioning the Lazada Service Marketplace as a self-service gateway for sellers to access trusted enabler support³¹⁹.

4. Merchants and logistics partners

Broadly, two types of logistics partners operate within marketplaces:

- **Marketplace-Supported Logistics Partners:** Ones that have a formal partnership or integration with the e-commerce platform. They are part of the platform's preferred logistics network
- **Non-Marketplace Supported Logistics Partners:** independent delivery providers that operate outside the platform’s logistics system.

Table below details the key difference between the two logistic partner type:

Figure 45: Differences between marketplace-supported logistics partner and non-supported logistics partner

Activities	Marketplace-supported logistics partner	Non-supported logistics partners
Fulfilment coordination	Merchants arrange shipments with platform-approved partners; cut-off times and pickup coordination largely handled by logistics partners.	Merchants arrange shipments and communicate independently with their chosen providers.
Cost risks	Shipping fees typically auto calculated; fewer complications.	Requires merchants to input shipping fees manually for every product. Merchants may face unexpected costs

³¹⁹ Lazada (2025). Lazada service marketplace. <https://marketplace.lazada.com.my/web/home.html>

Activities	Marketplace-supported logistics partner	Non-supported logistics partners
		(e.g., customers altering postcodes to reduce fees, resulting in underpaid shipping).
Platform tracking	Auto integrated tracking within marketplace interface; buyers and merchants have real-time visibility	Tracking often not available on the platform; merchants manually input tracking number into marketplace system to verify ship-out.
Support and dispute resolution	Return and refund processes are managed by the platform, including disputes for goods damaged during shipment.	Returns are handled directly by the merchant, with no platform safeguard for shipment-related damages.

Source: Shopee and Lazada

In a bid to offer more flexibility in delivery options, some marketplaces such as Lazada have introduced initiatives like Make-Own-Delivery-Arrangement (MODA). This feature allows consumers to pick their preferred shipping provider and arrange their own logistics. Merchants could opt to provide their buyers with this choice, in addition to Lazada's default option. However, a disadvantage is that this arrangement does not allow customers to track their shipments through the merchants' or customers' portals, leading to a less streamlined experience. Customers would also have to go through more steps while checking out, which could be inconvenient. This is because Lazada no longer acts as the middleman under MODA and all communication occurs only between customers, merchants and the MODA 3PL appointed by the customer.

Figure 46: MODA by Lazada

Make-Own-Delivery-Arrangement (MODA)

🕒 Updated at 18/09/2024

Make-Own-Delivery-Arrangement (MODA) will be **AVAILABLE in your store starting June 4, 2024!** Customers can now choose from Standard, Priority, Instant, or MODA options for their products

[What is MODA](#)

[How to set up MODA?](#)

[Important Notes](#)

[Frequently Asked Questions \(FAQ\)](#)

What is MODA?

MODA, short for Make-Own-Delivery-Arrangement allows **customers to pick their preferred shipping provider** for delivering items, in addition to Lazada's default option. With MODA, customers are responsible for arranging their own delivery, and Lazada doesn't act as the middleman.

Source: Lazada

Separately for Shopee, merchants are allowed to request change to logistics partners through submitting a form including information such as partners to remove and rationale.

Figure 47: Delivery partner change request form from Shopee

The screenshot shows the Shopee app interface for a 'Shipping Channels Change Request Form'. The form is titled 'Shipping Channels Change Request Form' and is for the user 'kitashopsabah'. It contains instructions for sellers and a 'Submit' button.

Shipping Channels Change Request Form

kitashopsabah

This form is for sellers who wish to change the shipping channels for their store. Kindly take note that the request will be reviewed by Shopee. Please submit this change request form accompanied by supporting information as listed in this form for Shopee to evaluate and process the request. You may refer to this [link](#) for more details. The change request will be processed within 7 working days of the submission date.

Please check your 'Username' at the top left of 'Me' page [Sila semak nama pengguna anda di halaman "Saya" dalam aplikasi Shopee dan cari nama pengguna di penjuru kiri sebelah atas.]

Form Fields:

- * Contact Number [Nombor telefon]
MY +60 [dropdown] [input field]
- * Kindly select your request type [Sila pilih jenis permohonan anda]
1. To remove shipping channel [Untu... [dropdown]]
- * Select the existing shipping channel you wish to remove [Sila pilih saluran penghantaran yang anda ingin tukar ataupun padam]
[Select [dropdown]]
- * Select the reason for the removal [Sila pilih sebab untuk penukaran atau pemadaman]
[Select [dropdown]]

Submit

Source: Shopee

Shopee also allows merchants to choose their own logistics partners through the Seller's Own Fleet program. However, this option is limited to sellers of bulky items, fresh or perishable goods, products requiring installation, or other items that cannot be handled by Shopee-Supported Logistics³²⁰.

320 Shopee (2025). Non-Shopee supported logistics application form. <https://help.shopee.com.my/portal/webform/e7f68cdb53194c3a86c0e5457ec27f42>

Figure 48: Non-Shopee supported logistics application form

Non-Shopee Supported Logistics Application Form

[Log in to continue.](#)

Dear Seller,

This is an application form to sign-up for Seller's Own Fleet (West Malaysia/East Malaysia) and/or Virtual Goods (VG) channels. Learn more here: <https://seller.shopee.com.my/edu/article/3695>

Shopee, in its sole discretion, will only approve your application if you have valid reasons, including but not limited to:

1. Selling bulky items
2. Fresh goods
3. Perishables
4. Installation
5. Any other products that cannot be fulfilled by Shopee-Supported Logistics

To facilitate the evaluation process, you are required to provide supporting evidence. Kindly ensure that the information is accurate and clear for a smooth application process. After submission of the application form, please expect a response in the following working Tuesday or Friday via email.

Do note that sellers who do not ship with Shopee Supported Logistics, would not be able to enjoy benefits such as free shipping subsidies, automated shipping fee calculation, arranging shipment, and printing AWB through Seller Centre. Sellers will also be automatically removed from Seller's Own Fleet (West Malaysia/East Malaysia) and/or Virtual Goods (VG) shipping channels if there are no orders made for more than 30 days in a row. Read more about our SSLs here: <https://seller.shopee.com.my/edu/article/388>

Once approved, you will be able to see and toggle on the Seller's Own Fleet (West Malaysia/East Malaysia) and/or Virtual Goods (VG) in your Seller Centre. Please note that Shopee reserves the right to remove any existing non-SSL applications at its discretion and at any time.

Regards,
The Shopee Team

Source: Shopee

5. Marketplaces and delivery or logistics partners

(a) Partnership

Partnerships between both parties involve contractual agreements that define the terms of service. A standard SLA typically spans one year with no minimum order quantities (MOQ) detailed. Agreements outline the terms of service (including first-mile, middle-mile, last-mile, end-to-end, or cross-border delivery), delivery timelines, pricing structures (on package size, weight, destination zones), payment terms (invoicing cycles, due dates, penalties), and performance metrics. Additionally, financial penalties are highlighted and can be imposed based on various performance indicators.

SLAs are renewed typically on an annual basis, with potential changes in pricing, operational terms, customer service standards or performance metrics.

During peak periods such as shopping festivals like 11.11, marketplaces often seek additional logistics capacity from on-demand logistics services, such as Lalamove, which collaborate with marketplaces without fixed contracts. This flexible approach allows them to manage increased demand effectively while ensuring timely deliveries.

(b) Logistics practices

In Malaysia, most key marketplaces automatically manage order deliveries through their algorithms. E-commerce platforms like Lazada and TikTok Shop have policies that do not allow customers to choose delivery partners, which is known as “delivery masking”. This means that customers and merchants cannot choose their preferred courier services. Instead, the platform assigns a logistics provider based on various factors.

Starting 2021, Shopee implemented delivery masking to streamline its logistics operations. By consolidating deliveries and distributing parcels among different courier providers, Shopee aims to optimise delivery times and manage challenges such as regional disruptions. This approach helps prevent delays that could occur if a single courier becomes overwhelmed³²¹.

Logistics providers in Malaysia participate in delivery masking by integrating their services with these e-commerce platforms. They adhere to the platforms’ algorithms and policies, which determine parcel assignments based on factors such as delivery partner capacity, quality, speed, customer feedback, delivery hub locations, average delivery times, and regional challenges (such as potential disasters or floods). This integration requires logistics companies to maintain flexibility and efficiency to meet the varying demands of different platforms.

In addition, to ensure quality, marketplaces conduct regular review sessions (e.g., quarterly reviews) to discuss various performance metrics (including lost rate, on-time delivery rate, on time pickup rate, overall delivery time and customer complaints). These sessions help marketplaces

³²¹ Lowyat (2021). Shopee reportedly removing courier options on checkout starting 17 June. <https://www.lowyat.net/2021/240658/shopee-reportedly-removing-courier-options-on-checkout-starting-17-june/>

to update metrics in their algorithm to further enhance its delivery allocation system.

(c) Logistics rates

MCMC has implemented guidelines establishing a minimum base rate of MYR 5 for parcel deliveries weighing 2kg and below, effective December 1, 2024³²². As a guideline for industry players to refer to, this guideline aims to mitigate the detrimental effects of aggressive pricing strategies that have impacted local courier companies due to fierce competition and a persistent price war that is drastically eroding margins³²³.

Despite the push to adhere to a base rate, several logistics providers are observed to offer rates below the stipulated minimum MYR 5. This practice is driven by the desire to remain competitive and capture greater market share in a highly saturated industry. Specifically, the influx of foreign-owned courier services has intensified competition, leading to price undercutting that challenges the sustainability of local players.

(d) Data access

Delivery/logistics partners would typically be required to undergo data security screening to determine its data handling practices. During operations, partners' access to data is limited to the following:

- Order number
- Product details (name, package quantity)
- Basic information of the buyer and seller (contact information, delivery address)

³²² The Star (2025). Finally, new base rate for parcel delivery. <https://www.thestar.com.my/business/business-news/2025/01/13/finally-new-base-rate-for-parcel-delivery>

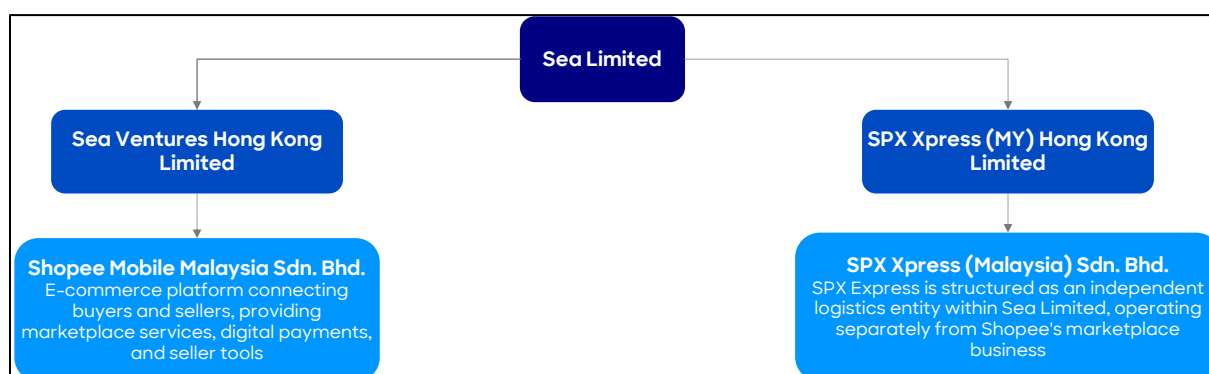
³²³ The Edge Malaysia (2022). Cover story: Price pressures loom for last-mile delivery players. <https://theedgemalaysia.com/article/cover-story-price-pressure-loom-last-mile-delivery-players> ; RTM (2025). MCMC introduces reference price guidelines for courier services. <https://berita.rtm.gov.my/nasional/senarai-berita-nasional/senarai-artikel/mcmc-introduces-reference-price-guidelines-for-courier-services>

- Payment information

(e) Integrated logistics players

Selected marketplaces, such as Shopee and Lazada, enhance their logistics capabilities by maintaining their own delivery fleets, SPX and LEX, which is also integrated into the fulfilment algorithm.

Figure 49: Corporate structure of Shopee and SPX Xpress



Source: Shopee

The logistics arms operate as separate entities from the marketplaces under the same parent company. Specifically, SPX, which exclusively serves the Shopee marketplace, currently has no overlap in its corporate structure. SPX's shareholder is SPX Xpress (MY) Hong Kong Limited, while Shopee's shareholder is Sea Ventures Hong Kong Limited³²⁴.

³²⁴ Written input from industry players.

Figure 50: Corporate structure of Lazada and Lazada Express



Source: Lazada

For LEX, the entity is under Lazada South East Asia Pte Ltd, while Lazada Malaysia is 100% owned by Lazada South East Pte Ltd³²⁵.

6. Marketplaces and customers

Marketplaces in Malaysia heavily invest in advertising to attract and engage consumers, with a focus on increasing brand awareness and driving sales. In the first half of 2022, Nielsen reported that the top three biggest advertisers in Malaysia were the Ministry of Health (MOH), Ministry of Communications, and Shopee³²⁶.

Customers in Malaysia often use multiple e-commerce platforms to compare prices and find the best deals. They want cheaper prices, better offers, and convenience. Many customers switch between apps to take advantage of discounts, free shipping, and rewards. Some customers also prefer platforms that offer personalised recommendations based on their browsing habits.

³²⁵ Written input from industry players.

³²⁶ Marketing Interactive (2022). SEA biggest advertisers: Who is dishing out those ad dollars? <https://www.marketing-interactive.com/biggest-advertisers-sea-nielsen-2022>

To reach a wide range of audiences, marketplaces employ various marketing strategies tailored to different consumer segments. One of the strategies employed is the use of celebrity endorsements and influencer marketing. Shopee, for instance, partnered with footballer Cristiano Ronaldo³²⁷ and actor Jackie Chan in 2021³²⁸.

In addition to celebrity collaborations, marketplaces like Lazada use targeted advertising, seasonal campaigns, and flash sales to boost consumer interest. Lazada's "Lazada 11.11" and "Lazada 12.12" sales events are prominent examples of these strategies, featuring discounts and exclusive deals.

Moreover, marketplaces rely on social media platforms to foster community engagement. TikTok Shop, for instance, benefits from its own platform to promote its e-commerce offerings through viral content, including challenges and shoppable videos that integrate products into users' feeds. In view of this, other key marketplaces were seen to follow suit by introducing similar features. For example, Shopee launched Shopee Video in 2024.

Various marketplaces have ventured into new areas such as gamification to enhance customer engagement. For example, Lazada offers a range of games³²⁹ (e.g., GoGo Match, Merge Boss, Lucky Egg, Style Star, LazLand) that encourage social sharing and customer interaction, driving traffic to the platform and rewarding users with vouchers and coins that can be used within the app.

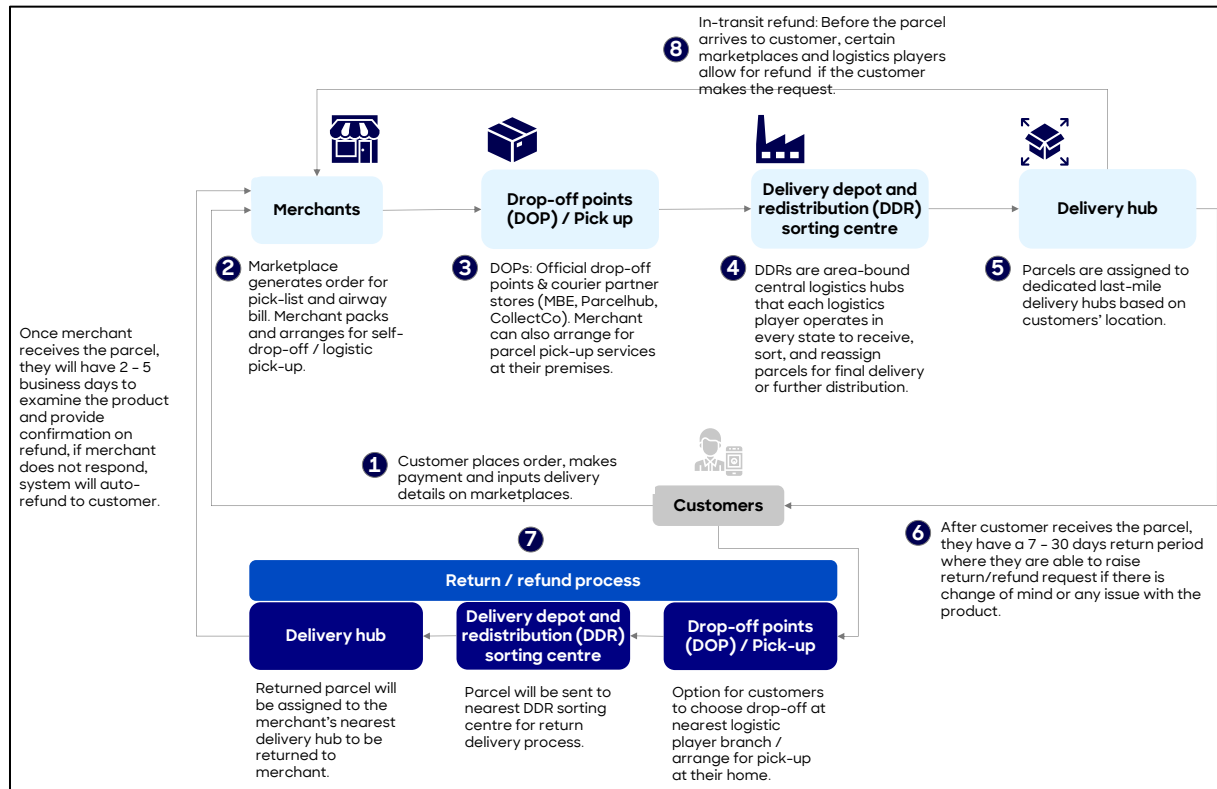
³²⁷ Marketing Interactive (2019). Shopee scores Cristiano Ronaldo as regional brand ambassador. <https://www.marketing-interactive.com/shopee-scores-cristiano-ronaldo-as-regional-brand-ambassador>

³²⁸ Marketing Interactive (2021). Shopee packs a punch with Jackie Chan as face of 9.9 shopping festival. <https://www.marketing-interactive.com/shopee-packs-a-punch-with-jackie-chan-as-face-of-9-9-shopping-festival>

³²⁹ LazBeat (2023). Game on: How Lazada is leveling up online shopping for southeast Asian consumers. <https://www.lazbeat.net/entertainment-and-lifestyle/lazada-game-online-shopping-southeast-asian-consumers/>

7. Logistics partners and customers

Figure 51: Logistics' journey map



Source: MyCC analysis

The logistics journey map outlines the structured flow of parcel deliveries, encompassing key operational touchpoints from order initiation to final customer delivery and return management. This end-to-end process is critical in ensuring supply chain efficiency, optimising lead times, and enhancing customer satisfaction in the e-commerce ecosystem.

(a) Customer order placement

The logistics process begins when a customer places an order, completes payment, and inputs their delivery details on the e-commerce platform. During the checkout process, customers are typically provided with delivery options as below:

Table 29: Delivery options available for customers

Shipping Partners				
Standard Service Types	Shopee ³³⁰	Lazada ³³¹	TikTok Shop ³³²	
Doorstep Delivery	SPX Express, Pos Laju, DHL, GDex, Ninja van, Flash Express	Lazada Logistics, Ninja Van, Flash express, J&T Express, SkyNet	J&T Express, Ninja Van, Flash Express, BEST Express	
Doorstep Delivery (Sea Shipping)	SPX Express			
Economy Delivery	POS Malaysia			
Bulky Delivery	SPX, Best Express, Flash Express	JnT Cargo	Not specified	
Same Day Delivery	Shopee Same Day Delivery	Not specified		
Next Day Delivery	SPX Express			
2-Day Delivery	SPX Express			
Self-Collection Point	SPX Express			

Source: Shopee, TikTok Shop, Lazada

These delivery options allow customers to select a fulfilment requirement that best suits their needs. However, customers do not have the ability to select a specific logistics provider, as the platform assigns the courier

³³⁰ Shopee (2025). [Shipping & Delivery] How do I know which logistics provider is delivering my parcel? <https://help.shopee.com.my/portal/4/article/78900-%5BShipping-Delivery%5D-How-do-I-know-which-logistics-provider-is-delivering-my-parcel?previousPage=related%20articles>

³³¹ Lazada (2024). Bila akan saya menerima barang saya dari luar negara? <https://helpcenter.lazada.com.my/s/faq/knowledge?questionId=1000141970&categoryId=1000026914&language=ms>

³³² TikTok (2025). A Complete Guide to 'Shipped via Platform'. https://seller-my.tiktok.com/university/essay?identity=1&role=1&knowledge_id=7753780729022210&from=courses

based on a combination of factors, including geographical and destination feasibility, cost efficiency, and service availability³³³.

As a result, an issue of **delivery masking** arises, wherein both customers and merchants lack visibility and control over logistics player selection. Instead, they are required to adhere to the marketplace's algorithm-driven allocation, which optimises fulfilment efficiency from the platform's perspective but may not always align with customer or merchant preferences and expectations. Consequently, delivery masking reinforces the marketplace's control over the logistics ecosystem with possible self-preferencing practises to allocate higher volume to own integrated logistics player.

(b) Order fulfilment by merchants

Once the order is confirmed, the merchant prepares the parcel by packaging the item securely and attaching the necessary documents such as:

- **Pick-list:** A document listing items to be retrieved from merchant for order fulfilment, including item details, SKUs, and locations.
- **Airway Bill (AWB):** A shipping document issued by the logistics partner that includes the order ID, shipper and consignee details, weight, and tracking number. It serves as a receipt and allows tracking of the shipment.

(c) Drop-off points (DOP) and pick-up services

The merchant must then choose between two dispatch methods:

- i. **Self-drop-off:** The merchant manually delivers the parcel to an authorised DOP, such as MBE, ParcelHub, or CollectCo.
- ii. **Logistics pick-up:** The merchant schedules a pick-up service, where a courier collects the parcel directly from their premises.

³³³ Locad (2025). Understanding how Shopee assigns a courier. <https://golocad.com/blog/how-shopee-assigns-a-courier/>

Drop-off points serve as initial collection centre where parcels enter the logistics network. Merchants using self-drop-off can utilise courier partner stores, while those opting for pick-up services rely on logistics providers to collect parcels from their location.

(d) Delivery Depot and Redistribution (DDR) Sorting Centre

Once collected, parcels are transported to a DDR sorting centre, which functions as a central hub for sorting and redistribution. At this stage, parcels are sorted by destination and delivery priority, enabling efficient allocation to the appropriate last-mile logistics routes. Bagging is further conducted to consolidate and allocate parcels based on the specific last-mile delivery areas, streamlining downstream handling and improving delivery efficiency. Optimising the DDR process minimises transit delays and ensures a smoother flow of goods through the supply chain.

Centre staff also conduct weight verification to confirm that the actual parcel weight matches the merchant-declared weight. If discrepancies are found such as merchants under-declaring weight, the courier flags the issue to the marketplace. The marketplace then adjusts by deducting the excess shipping cost from the merchant's payout to reconcile the difference.

Bagging is further done to allocation the parcels based on the last mile delivery area.

(e) Last-mile delivery hub allocation

Following sorting at the DDR, parcels are forwarded to dedicated last-mile delivery hubs. These hubs are strategically positioned to cover specific regions, allowing for efficient last-mile distribution. Proper hub allocation minimises unnecessary detours and enhances delivery speed.

(f) Final delivery to customers

Once parcels arrive at the last-mile delivery hub, they are prepared for dispatch to the customer's specified address or designated self-collection point. Logistics providers then execute the final stage of the journey.

Delivery personnel typically contact recipients on the day of delivery to notify them of the parcel’s arrival, before proceeding with dispatch to the intended location. A proof of delivery often through a photo or digital signature is captured upon handover to verify that the parcel was delivered to the correct household, providing documentation in the event of any disputes.

Throughout this process, customers receive tracking updates that allow them to monitor the movement of their parcels in real time. Following delivery, most marketplaces offer a return window ranging from 7 to 30 days, depending on platform-specific policies. If a product is defective, incorrect, or no longer required, customers can initiate a return request and often have the flexibility to select their preferred logistics provider for return shipping, enhancing convenience and service accessibility.

(g) Return process

For most marketplaces, returns can be initiated after the parcel arrives to the customer due to reasons that are stated on the return and refund policies. To initiate the return, customers must follow platform-specific guidelines, which include selecting a reason for return and choosing between drop-off at an authorised return point or home pick-up services facilitated by logistics providers such as PosLaju, J&T Express, NinjaVan, and Flash Express. Once collected, the return parcel is routed to the Delivery Depot and Redistribution (DDR) sorting centre, where it undergoes inspection and categorisation before being forwarded to the merchant’s designated delivery hub. Upon receipt, the merchant is allocated 2 to 5 business days to verify the returned item and process the refund. If no action is taken within the stipulated timeframe, the platform automatically issues a refund to the customer.

Table 30: Delivery options available for customers during drop-off and pick-up (as of May 2025)

Return Logistics	Drop-off	Pick-up
Shopee	PosLaju, SPX Express or Flash Express	Only SPX Express

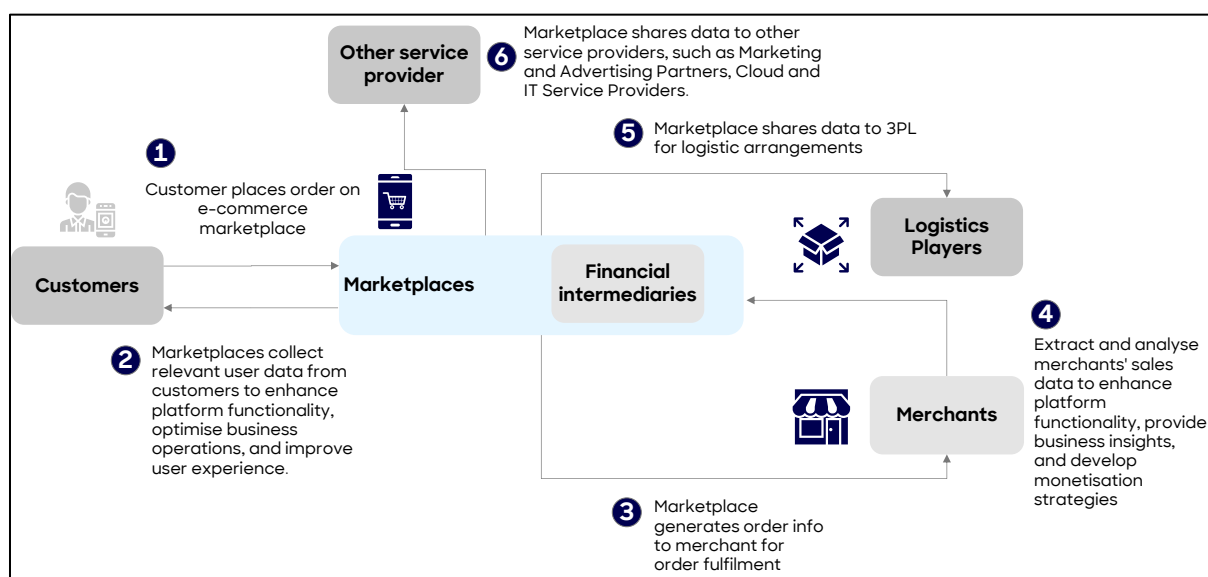
Return Logistics	Drop-off	Pick-up
TikTok Shop	J&T, Flash Express or PosLaju	Only Flash Express
Lazada	J&T or NinjaVan	LEX, NinjaVan, Flash or Skynet

Source: Shopee, TikTok Shop, Lazada

In some instances, certain marketplaces allow customers to initiate return and refund actions while the parcel is still in transit before final delivery. This is subject to logistical feasibility and often hinges on the parcel's status within the last-mile chain. In such cases, logistics partners coordinate with sorting hubs to redirect or return parcels without proceeding to the customer's address, reducing unnecessary delivery attempts and further enabling refunds. For example, Shopee has allowed customers to request for in-transit return/refund at any time after pick-up / drop-off and before the parcel is delivered to the buyer. However, this mechanism only allows orders that are handled by Shopee's SPX Express.

5.1.4 Data privacy and protection

Figure 52: Data practices among marketplaces and other parties



Source: MyCC analysis

Customer order data collection is a critical component of the e-commerce marketplace ecosystem, serving as the foundation for transaction processing, logistics, and customer support. The collection, storage, usage, and transfer of this data are explicitly outlined in the Privacy Policy Agreements of major e-commerce platforms such as Shopee³³⁴, TikTok Shop³³⁵ and Lazada³³⁶. These platforms provide transparency in how customer information is handled, detailing the necessary data-sharing practices required for seamless operations.

Customer data is shared among various stakeholders, including merchants, financial intermediaries, logistics players, third-party marketing partners, and other service providers. Merchants receive essential order details to process and fulfil customers' orders, while financial intermediaries, such as payment processors and banking intermediaries, facilitate secure transactions and fraud detection.

³³⁴ Shopee (2025). Shopee privacy policy. <https://help.shopee.com.my/portal/4/article/77216>

³³⁵ TikTok (2025). Privacy policy. <https://www.tiktok.com/legal/page/row/privacy-policy/en>

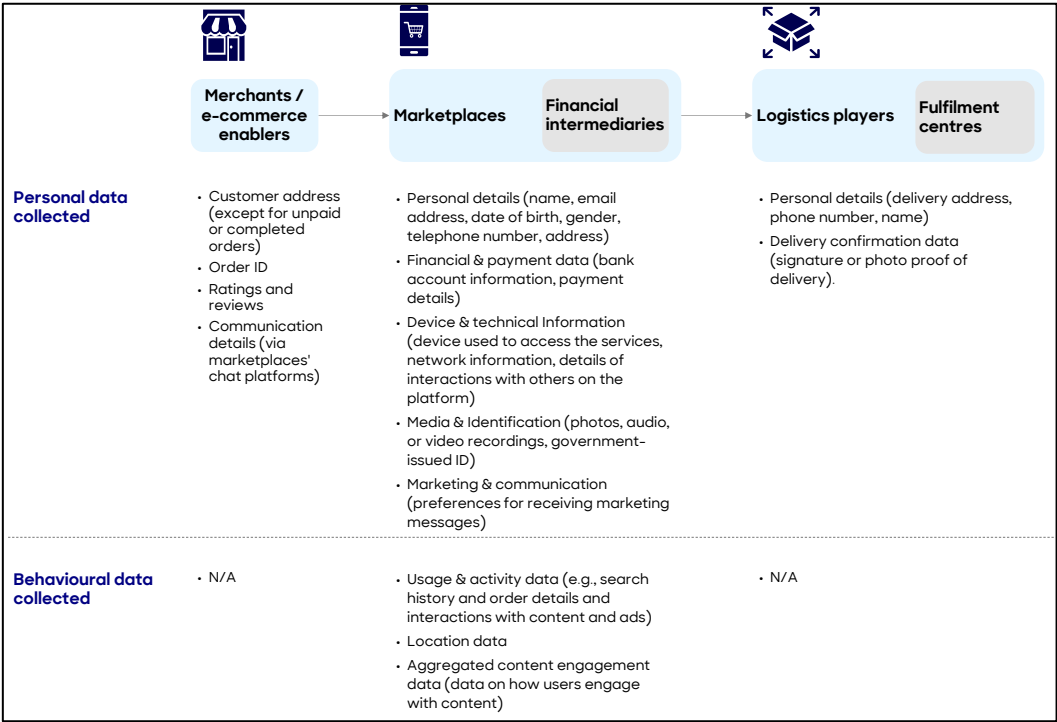
³³⁶ Lazada (2025). Privacy policy. <https://www.lazada.com.my/privacy-policy/>

Logistics players rely on delivery-related information to ensure timely and accurate shipments. Additionally, third-party marketing partners may access limited data and information, anonymised or consent-based customer data for targeted advertising, loyalty programmes, and promotional activities.

Survey findings indicate that 72% of merchants consider the data provided by marketplaces to be sufficient for their store operations, while 28% report it as insufficient.

Key user data collected by each player along the supply chain include:

Figure 53 : Types of data collected by key players along the supply chain³³⁷



Source: Shopee, Lazada³³⁸, TikTok Shop, MyCC analysis

³³⁷ Shopee (2025). Limited access to buyers’ personal information. <https://seller.shopee.com.my/edu/article/15155>; TikTok Shop Sellers (2025). Privacy policy. <https://ttshopsellers.com/privacy-policy>; Lazada (2025). Privacy policy. <https://pages.lazada.com.my/wow/i/my/corp/privacy-policy?hybrid>; Shopee (2024). Introduction to Shopee supported logistics. <https://seller.shopee.com.my/edu/article/388>

³³⁸ Only Shopee and TikTok shop collect government-issued IDs and network info like contact lists; Only Lazada and TikTok shop collect biometric data (e.g. facial/voice

5.1.4.1 Data privacy and protection assessment

The assessment will focus on Shopee, TikTok Shop, and Lazada, which together held approximately 90-95% of the e-commerce marketplace sub-sector's Gross Merchandise Value (GMV) in Malaysia in 2024³³⁹.

Despite slight differences in approach, Shopee, Lazada, and TikTok Shop fundamentally use similar data-driven strategies to boost sales and enhance customer experience. These three platforms collect data from browsing behaviour, transaction history, and customer interactions to personalise product recommendations, optimise advertising, and improve user engagement. Shopee focuses on enhancing the shopping experience and supporting sellers with targeted campaigns and operational optimisations like payments and fulfilment. Lazada leverages marketplace insights to refine product offerings and help sellers reach potential buyers more effectively. TikTok Shop uses engagement and order data to tailor recommendations while prioritising data privacy³⁴⁰.

A key distinction of TikTok Shop is its integration within the TikTok social media platform, enabling it to collect user data from interactions with videos and content, thereby merging social engagement with commerce. This data, including account details (e.g. age, username), technical information (e.g. device type, OS, location), and interaction metrics (e.g. likes, shares, views), is used to personalise shopping experiences and optimise marketing. Internal data sharing is tightly regulated through an approval process involving the Legal, Data Security, and Risk Control teams³⁴¹.

Below details Shopee, Lazada and TikTok shop's data privacy and protection policies, and its alignment against PDPA's core principles.

recognition); Only TikTok shop accesses clipboard, syncs contacts, and integrates with social media.

³³⁹ Momentum works (2024). Ecommerce in Southeast Asia 2024, page 11. https://momentum.asia/wp-content/uploads/2024/07/Ecommerce-in-Southeast-Asia-2024_MW_July-2024-1.png ; Input from IDI.

³⁴⁰ Written response from key players.

³⁴¹ Input from IDI.

Figure 54: Assessment of Shopee, Lazada, TikTok shop's alignment to PDPA principles

PDPA principle	Player	Data privacy and protection policies 342,343,344
General	Shopee	<ul style="list-style-type: none"> Provides a clear mechanism for obtaining user consent, by seeking explicit user consent before collecting personal data. Consent is sought explicitly during account registration, platform visit and accessing services.
	Lazada	<ul style="list-style-type: none"> Seeks explicit user consent prior to the collection personal data from users Consent is sought explicitly during account registration and using services like Lazada Wallet.
	TikTok Shop	<ul style="list-style-type: none"> Users are informed and provide consent through TikTok Terms of Service and TikTok Shop Terms of Use and Sale.
Notice and choice	Shopee	<ul style="list-style-type: none"> Policy outlines the types of data collected, conditions to perform data collection, and purpose of data collection. Furthermore, users retain control in managing cookie preferences and opt out of marketing communications.
	Lazada	<ul style="list-style-type: none"> Policy outlines the types of personal data it collects, the

³⁴² Shopee (2025). Privacy policy. <https://help.shopee.com.my/portal/4/article/77216-Shopee%20Privacy%20Policy>

³⁴³ Lazada (2025). Privacy policy. <https://pages.lazada.com.my/wow/i/my/corp/privacy-policy?hybrid>

³⁴⁴ TikTok Shop (2025). Privacy policy. <https://www.tiktok.com/legal/page/global/partner-privacy-policy/en>

PDPA principle	Player	Data privacy and protection policies 342,343,344
		<p>methods and purposes of data collection.</p> <ul style="list-style-type: none"> • Policy provides users the ability to opt out of marketing communications and other uses of their personal data.
	TikTok Shop	<ul style="list-style-type: none"> • Users are informed via the Partner Privacy Policy about data collection, usage, and sharing. • Users can opt-out of some information TikTok Shop collects via device browser settings to refuse or disable Cookies. • Policies also outline user rights regarding their personal data.
Disclosure	Shopee	<ul style="list-style-type: none"> • Policy details when personal data can be shared with third parties. This includes sharing for service providers, for purposes like order fulfilment, payment processing, and customer support. • Also states that personal data may also be disclosed for legal reasons.
	Lazada	<ul style="list-style-type: none"> • Policy details when personal data can be shared with third parties. This includes service providers, their affiliates and other users of the platform.
	TikTok shop	<ul style="list-style-type: none"> • TikTok shares data with business partners, service providers, users, and third parties (e.g., payment processors, advertisers) for purposes like service delivery and legal compliance.

PDPA principle	Player	Data privacy and protection policies 342,343,344
		<ul style="list-style-type: none"> • Data may be disclosed to law enforcement or in corporate transactions, such as mergers or acquisitions.
Security	Shopee	<ul style="list-style-type: none"> • Implements device encryption (128-bit Secure Sockets Layer (SSL) encryption) for all data transmitted via Shopee platform. • Uses Two-Factor Authentication (2FA) – password + One-Time Password (OTP) or authenticator app. • Conducts frequent system audits and vulnerability assessments.
	Lazada	<ul style="list-style-type: none"> • Implements device encryption 128-bit SSL (secure sockets layer) for all data transmitted. • Maintaining technology products to prevent unauthorised computer access.
	TikTok Shop	<ul style="list-style-type: none"> • Utilise key security measures, including system entry controls, encryption and key management, multi-factor authentication, network security, and vendor assessments and certifications. • Its Intellectual Property Protection Center (IPPC) allows users to report potential IP infringements, safeguarding both data and intellectual property.
Retention	Shopee	<ul style="list-style-type: none"> • Data retention policy states that Shopee retains user data for as long as necessary to fulfil the purposes

PDPA principle	Player	Data privacy and protection policies 342,343,344
		<ul style="list-style-type: none"> • Users are able to withdraw consent and request deletion of their personal data.
	Lazada	<ul style="list-style-type: none"> • Personal data is retained only as long as legally required or necessary for its original purpose. • Data is deleted or anonymised when no longer needed for legal or business reasons.
	TikTok Shop	<ul style="list-style-type: none"> • Retains personal data only for necessary purposes, such as providing services, fulfilling transactions, and legal compliance. • Data is retained only as long as required for business, legal, or regulatory purposes, and is deleted once no longer needed.
Data integrity	Shopee	<ul style="list-style-type: none"> • Ensuring that personal data is accurate, complete, not misleading, and kept up to date • Allows account users to update personal data (address and contact details) via account settings.
	Lazada	<ul style="list-style-type: none"> • Supports data integrity by stating that users must provide accurate, up-to-date personal data and that Lazada may verify this information as required by law. • Allows users to update personal data via Lazada account.
	TikTok Shop	<ul style="list-style-type: none"> • Ensures collected personal data is accurate, complete, and not misleading.

PDPA principle	Player	Data privacy and protection policies 342,343,344
		<ul style="list-style-type: none"> • Allows users to update their personal information, such as addresses and contact details, through their account settings. • The checkout screen shows delivery and payment details, which can be updated as needed.
Access	Shopee	<ul style="list-style-type: none"> • Account users are able to access their personal data via their account settings. • Non-account users are able to request access and correct personal data by submitting a written request to its Personal Data Protection Officer. • Reasonable fee for handling and processing users requests to access personal data will be charged.
	Lazada	<ul style="list-style-type: none"> • Individuals may request access to or correction of their personal data via account settings or official contact channels. • A reasonable fee may be charged for retrieving your personal data, where permitted by law, and will be communicated before processing your request.
	TikTok Shop	<ul style="list-style-type: none"> • Grants users the right to access and correct their personal data • Malaysian TikTok Shop users can edit most profile info via the app or TikTok Shop tab. • Allows users to request the deletion or cessation of data

PDPA principle	Player	Data privacy and protection policies 342,343,344
		processing under certain circumstances

Source: Shopee, Lazada, TikTok Shop

Although Shopee, Lazada, and TikTok Shop are aligned with Malaysia's PDPA principles, their data security measures can be further strengthened. Past data breaches have exposed vulnerabilities, revealing gaps between policy commitments and actual protection of user data.

In May 2025, Shopee was fined NT\$200,000 by Taiwan's Ministry of Digital Affairs for failing to protect customer data on its C2C platform, resulting in increased phishing scams. The breach occurred due to inadequate supervision of outsourced partners, which allowed unauthorised access to personal and business information. According to the Ministry of Digital Affairs, Shopee provided limited information to them and failed to demonstrate effective measures to secure customer data, exposing users to fraud risks³⁴⁵.

In Singapore, Lazada-owned RedMart was fined S\$72,000 by the Personal Data Protection Commission (PDPC) for a major data breach in September 2020. The breach exposed the personal data of about 898,791 individuals, including names, email addresses, encrypted passwords, and partial credit card numbers, which was later found for sale on an online forum. The incident occurred due to unauthorised access via a compromised staff account to an unencrypted RedMart database hosted on Amazon Web Services, which lacked password authentication and proper access controls. This vulnerability stemmed from an incomplete system migration after Lazada acquired RedMart in 2016. The PDPC concluded that Lazada and RedMart failed to implement reasonable security measures to protect user data³⁴⁶.

³⁴⁵ Taipei Times (2023). Ministry of digital affairs fines Eslite bookstore, Shopee. <https://www.taipeitimes.com/News/taiwan/archives/2023/06/04/2003800948>

³⁴⁶ Channel News Asia (2022). RedMart fined S\$72,000 for data breach resulting in online sale of customer data. <https://www.channelnewsasia.com/singapore/redmart-fined-s72000-data-breach-lazada-3159496>

Carousell has been fined SGD 58,000 (~MYR 206,344) by the PDPC, over two data breaches that occurred back in 2022. One breach led to the data of at least 2.6 million customers being compromised and put up for sale online, while the other led to 44,000 users from Singapore, Malaysia, Indonesia, Taiwan, and the Philippines being exposed³⁴⁷. The PDPC cited inadequate testing, poor code review processes, and insufficient documentation as key contributors to the breaches. However, it also acknowledged Carousell's prompt remedial actions, including fixing the vulnerabilities, notifying affected users, cooperating fully with investigations, and implementing stricter internal safeguards. These mitigating efforts helped reduce the severity of the penalty imposed.

In May 2025, TikTok was fined EUR 530 million by Ireland's Data Protection Commission (DPC) for failing to adequately protect EU user data during transfers to China. This happened because the company relied on Standard Contractual Clauses but did not assess whether Chinese laws, such as the Cybersecurity Law, could undermine data protection. It also failed to implement sufficient supplementary safeguards like encryption or access controls. The DPC ordered TikTok to suspend these transfers unless it complies within six months. The ruling reflects heightened regulatory scrutiny over international data flows and concerns about potential foreign government access³⁴⁸.

³⁴⁷ The Straits Times (2024). Carousell fined S\$58k for data breaches, including one where data of 2.6m users was sold. <https://www.straitstimes.com/singapore/carousell-fined-58k-for-data-breaches-including-one-where-data-of-26m-users-were-sold-on-hacking-forum>

³⁴⁸ Tech in Asia (2025). TikTok fined \$600m by EU for failing to protect user data. <https://www.techinasia.com/news/tiktok-fined-600m-by-eu-for-failing-to-protect-user-data>

5.1.5 Supply chain take-rates and approximate earnings of supply chain players

Multiple parties may be involved throughout the e-commerce (retail marketplace) transaction process. When a customer purchases a product, the total amount paid (net price) at checkout covers three key components. The first component is on the Low-Value Goods (LVG) tax, which imposes a 10% tax on goods valued at MYR 500 or less that are imported into Malaysia³⁴⁹. The second component is the shipping fee, covering logistics cost. Lastly, this shipping fee is subject to an additional 6% SST^{350, 351}, further contributing to the overall transaction cost (net price).

After subtracting the tax imposed by the Malaysian government and shipping fee, the remaining amount represents the merchandise value. From this amount, e-commerce marketplaces subtract a commission fee, which can range from 0% to 21.5%, depending on the product categories (e.g., Fashion, Lifestyle, etc.). Based on historical data, the overall commission rate has experienced an upward trend. For instance, in the electronics category, key marketplaces have imposed an increase in commission rates ranging from 3% to 7% in a span of two years.

Additionally, marketplaces charge merchants a transaction fee for all online transactions (e.g., online banking or card payments) upon successful customer orders. This fee is typically set at a standard rate of around 3.78% (inclusive of 8% SST)³⁵², though fees from third-party payment providers to the marketplaces may vary.

Once commission rates, transaction fees and other fees (e.g., service, campaign-related) are deducted, the remaining balance is transferred to the merchants.

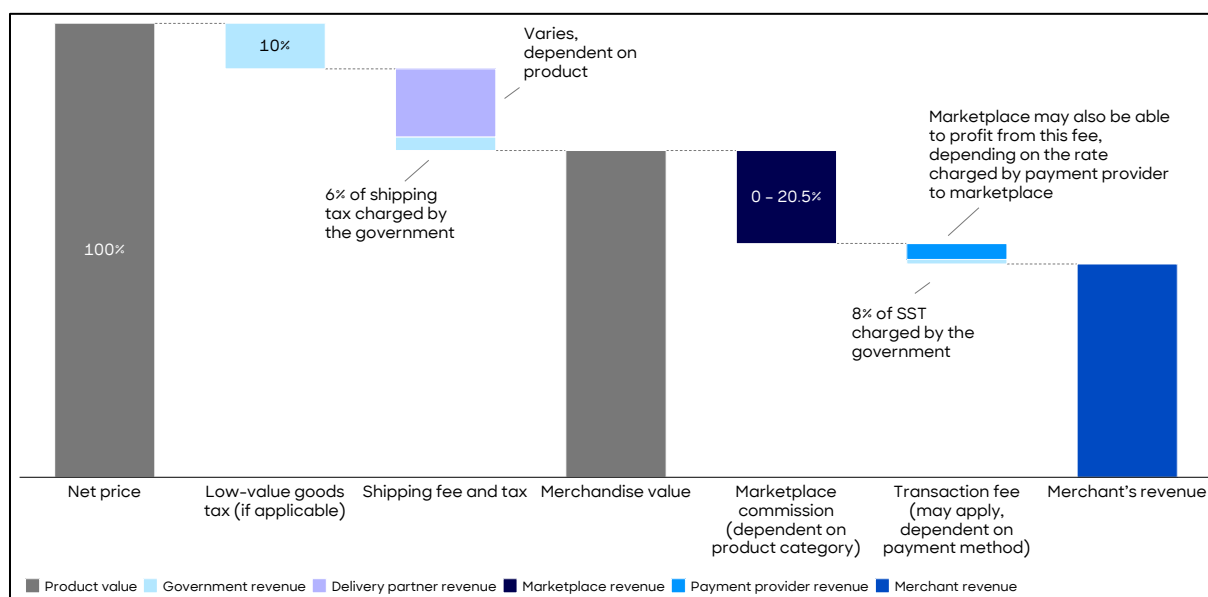
³⁴⁹ Royal Malaysian Customs Department (2023). Sales tax on low value goods. <https://mylvg.customs.gov.my/Home>

³⁵⁰ SST of 6% only applicable to food and beverage, telecommunication services, vehicle parking space services and logistics services.

³⁵¹ BDO (2024). What's new: sales tax and service tax. <https://www.bdo.my/getattachment/12980a89-17f5-4108-8be7-e30be596287e/Soalan-Lazim-FAQ-Cukai-Perkhidmatan>

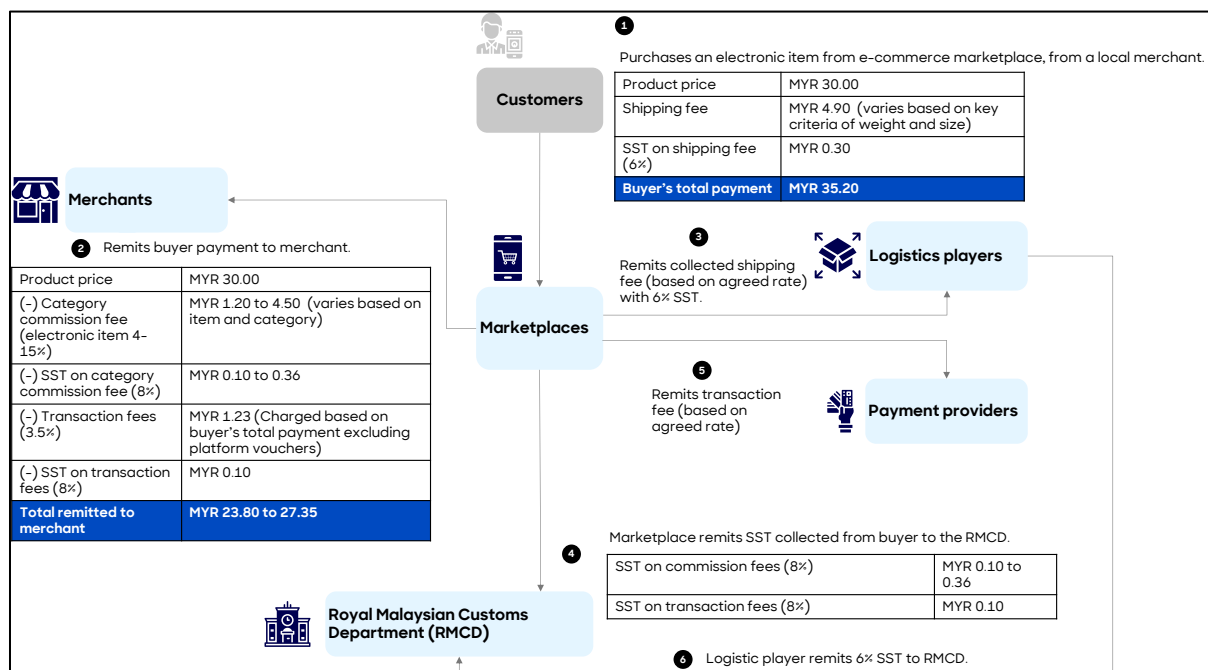
³⁵² May vary if methods such as credit card instalments or BNPL are selected.

Figure 55: E-commerce (marketplaces) sub-sector take rates [%]



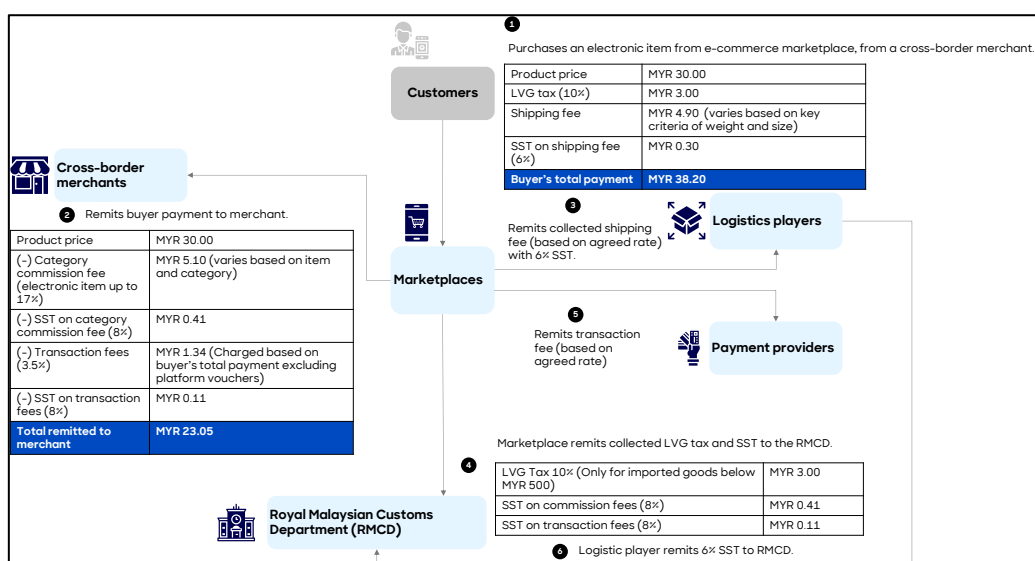
Source: Interaction with industry players and MyCC's analysis

Figure 56: Approximate earnings by supply chain players (example) for local merchants



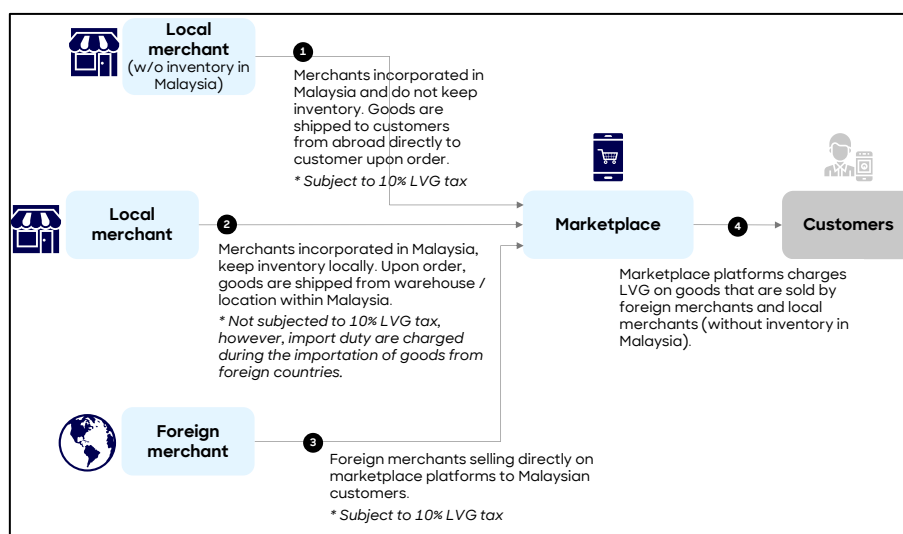
Source: MyCC analysis

Figure 57: Approximate earnings by supply chain players (example) for cross-border merchants



Source: Interaction with industry players and MyCC's analysis

Figure 58: Illustration of LVG tax on goods imported from foreign countries




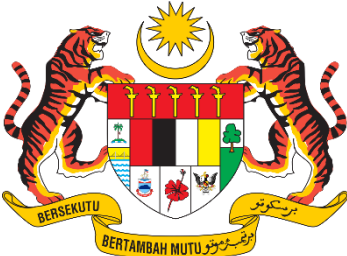
Source: RMCD³⁵³

³⁵³ Royal Malaysian Customs Department (2023). Sales Tax (Low Value Goods) (Amendment) Regulations 2023. [https://mylvg.customs.gov.my/uploads/PERATURAN-PERATURAN%20CUKAI%20JUALAN%20\(PINDAAN\)%202023%20PUA405_2023.pdf](https://mylvg.customs.gov.my/uploads/PERATURAN-PERATURAN%20CUKAI%20JUALAN%20(PINDAAN)%202023%20PUA405_2023.pdf)


5.1.6 Sub-sector regulations

5.1.6.1 Relevant regulations


#	Acts	Description	Relevance to competition	Relevance to data privacy and protection
1	<p>Customs Act 1967 (Act 235) by Royal Malaysian Customs Department (RMCD) under Ministry of Finance (MOF)</p> 	Establishes the legal framework for the regulation and control of customs activities in Malaysia, including the import and export of goods, the assessment and collection of customs duties, and the enforcement of measures against smuggling and other customs-related offences.	No explicit mention of matters related to competition.	<p>Does not directly relate to e-commerce (retail marketplace). However, it contains provisions related to the confidentiality of information obtained during customs' enforcement activities and operations. These provisions can indirectly impact data handling practices in e-commerce, especially concerning the import and export of goods.</p> <p>Key provisions include:</p> <ul style="list-style-type: none"> Section 111B: Access to recorded information or computerised data


#	Acts	Description	Relevance to competition	Relevance to data privacy and protection
				<ul style="list-style-type: none"> • Section 125: Protection of informers from discovery • Section 125A: Confidentiality of information • Section 135A: Penalty for offences relating to data stored in computer
2	Electronic Commerce Act 2006 (Act 658) by KPDN 	<p>Provides legal recognition for electronic messages in commercial transactions and to facilitate such transactions through electronic means.</p> <p>Act is in the process of being amended, with the following areas being targeted:</p>	<p>No explicit mention of matters related to competition in the existing E-commerce Act 2006.</p> <p>However, potential amendment areas may impact the competition landscape in Malaysia, for example:</p> <ul style="list-style-type: none"> • Expansion of enforcement powers will 	<p>Does not directly relate to e-commerce (retail marketplace) but provides a framework to safeguard electronic messages in commercial transactions in terms of how confidential data is processed electronically.</p> <p>Key provisions include:</p> <ul style="list-style-type: none"> • Section 6: Legal recognition of electronic message

#	Acts	Description	Relevance to competition	Relevance to data privacy and protection
		<ul style="list-style-type: none"> Platform regulation Consumer protection enhancements Verification and seller identification Cross-border jurisdiction and enforcement Governance mechanism overhaul Handling of digital risks (Dark patterns, unsafe products) 	<p>affect competitiveness amongst players</p> <ul style="list-style-type: none"> Encourages multi-vendor ecosystems, enhancing consumer choice and reducing dependency on large e-commerce platforms 	<ul style="list-style-type: none"> Section 8: Writing (Fulfilment of Legal requirements by electronic means) Section 17: Attribution of Electronic message Section 20-23: Time of (Dispatch and Receipt), Place of (Dispatch and Receipt)


#	Acts	Description	Relevance to competition	Relevance to data privacy and protection
3	Price Control and Anti-Profiteering Act 2011 (Act 723) by KPDN 	Establish a legal framework to control the prices of goods and charges for services, and to prohibit profiteering practices in Malaysia.	<p>While the Act does not directly address competition law, certain provisions indirectly relate to competitive practices by regulating pricing behaviour and prohibiting profiteering, which may help limit unfair pricing strategies in the market.</p> <p>Key provisions include:</p> <ul style="list-style-type: none"> • Section 4: Power of Controller to determine prices of goods • Section 5: Power of Controller to determine charges for services • Section 6: Power of Controller to determine 	<p>Provides provisions to safeguard confidential information and to ensure proper handling of business records.</p> <p>Key provisions include:</p> <ul style="list-style-type: none"> • Section 24: Confidentiality • Section 25: Privileged communication • Section 53A: Duty to keep records

#	Acts	Description	Relevance to competition	Relevance to data privacy and protection
			<p>prices or charges according to area</p> <ul style="list-style-type: none"> • Section 9: Seller to display list of prices • Section 10B: Display of prices or charges to include government taxes, etc. • Section 11: Offence to sell price-controller goods, provide charge-controlled services, etc. otherwise than in accordance with prices or charges determined • Section 12: Offence to purchase price-controlled goods or obtain charge-controller services, etc. otherwise than in accordance with 	

#	Acts	Description	Relevance to competition	Relevance to data privacy and protection
			<p>prices or charges determined</p> <ul style="list-style-type: none"> • Section 14: Offence to profiteer • Section 15: Mechanism to determine unreasonably high profit 	
4	<p>Sales Tax Act 2018 (Act 806) by RMCD under MOF</p> 	Provides for the charging, levying and collecting of sales tax on taxable goods manufactured in or imported into Malaysia.	No explicit mention of matters related to competition.	<p>Provides provisions to safeguard confidential information obtained during tax administration and imposes obligations of secrecy on officials. These provisions are primarily intended to protect business and taxpayer information rather than personal data regulated under the PDPA Act 2010.</p> <p>Key provisions include:</p>

#	Acts	Description	Relevance to competition	Relevance to data privacy and protection
				<ul style="list-style-type: none"> • Section 7: Confidentiality of Information • Section 65: Access to recorded information or computerised data • Section 78: Obligation of secrecy • Section 79: Protection of informers from discovery
5	Trade Descriptions Act 2011 (Act 730) by KPDN 	Promotes fair trade practices by prohibiting false or misleading advertisements, descriptions, statements, and representations in trade and commerce, with the objective of preventing deceptive conduct.	No explicit mention of matters related to competition in the e-commerce sector. However, certain provisions may indirectly support fair competition by promoting transparency and preventing misleading practices that could distort consumer choice or market behaviour.	<p>Provides provisions that safeguard confidential information and ensure awareness in terms of disclosing personal information.</p> <p>Key provisions include:</p> <ul style="list-style-type: none"> • Section 35: Confidentiality • Section 36: Privileged communication • Section 43: Access to recorded information or


#	Acts	Description	Relevance to competition	Relevance to data privacy and protection
			<p>Key provisions include:</p> <ul style="list-style-type: none"> • Section 5: Prohibition of false trade description • Section 6: Trade description • Section 17: False or misleading statements as to services, etc. • Section 18: False or misleading statement in advertisement 	computerized data, etc.
6	Consumer Protection (Electronic Trade Transactions) Regulations 2012 P.U.(A)458/2012 by KPDN	Issued pursuant to the Consumer Protection Act 1999, these Regulations require e-commerce traders to provide clear and accurate disclosures, ensure fair transaction processes, and	No explicit mention of matters related to competition in e-commerce sector but there are certain provisions that indirectly support fair competition by requiring consistent standards of information disclosure, which enhances	Provides provisions that support data governance in e-commerce transactions. While not directly related to data privacy and protection, the Regulations require online marketplace operators to retain specific information about sellers, which may have

#	Acts	Description	Relevance to competition	Relevance to data privacy and protection
		<p>maintain certain records. The aim is to promote transparency, accountability and consumer protection in electronic transactions.</p>	<p>transparency and prevents misleading practices.</p> <p>Key regulations include:</p> <ul style="list-style-type: none"> • Regulation 3(1): Any person who operates a business for the purpose of supply of goods or services through a website or in an online marketplace shall disclose on the website where the business is conducted the information specified in the Schedule. • Regulation 3(3): Any person who discloses or provides any information as specified in the 	<p>implications for data handling and internal accountability.</p> <p>Key regulation(s) include:</p> <ul style="list-style-type: none"> • Regulation 5(1): Any online marketplace operator shall take reasonable steps to keep and maintain a record of the names, telephone numbers and the address of the person who supplies goods or services in the online marketplace, for a period of two years.

#	Acts	Description	Relevance to competition	Relevance to data privacy and protection
			<p>Schedule that he knows or has reason to believe is false or misleading, commits an offence.</p> <ul style="list-style-type: none"> Regulation 4(1): Any person who operates a business for the purpose of supplying goods or services through a website or in an online marketplace: <ul style="list-style-type: none"> (a) shall provide the appropriate means to enable the buyer to rectify any errors prior to the confirmation of the order made by the buyer; and (b) shall acknowledge receipt of the order to 	



#	Acts	Description	Relevance to competition	Relevance to data privacy and protection
			the buyer without undue delay.	

5.1.6.2 Relevant guidelines

#	Regulation	Description	Relevance to competition	Relevance to data privacy and protection
1	ASEAN Guidelines on Consumer Protection in E-Commerce by ASEAN Committee on Consumer Protection (ACCP)  <small>ASEAN Committee on Consumer Protection (ACCP)</small>	Provides a comprehensive, principle-based framework for ASEAN Member States (AMS) in developing or enhancing regulatory responses and institutional mechanisms for consumer protection in e-commerce. The Guidelines aim to deter deceptive, abusive, and unfair business practices in e-commerce. Responsibilities are directed at both	No explicit mention of matters related to competition. However, the Guidelines promote fair business conduct and encourage competitive neutrality between online sellers by fostering transparency and ethical behaviour. Key paragraphs include:	Provides guidance on protecting consumer data and privacy in online transactions, including how contracts should be formed, what information should be disclosed, and how disputes should be resolved while maintaining confidentiality. Key paragraphs include:


#	Regulation	Description	Relevance to competition	Relevance to data privacy and protection
		individual online sellers and larger online marketplaces.	<ul style="list-style-type: none"> • Paragraphs 41-45: Transparency and Truthful Representation • Paragraphs 46-51: Fairness and Consumer Choice • Paragraphs 60-66: Online Information Disclosure 	<ul style="list-style-type: none"> • Paragraphs 71-78: Online Contracts • Paragraphs 79-86: Consumer Data and Privacy • Paragraphs 87-94: Dispute resolution and Redress • Paragraphs 103-105: Duty of Care
2	Malaysian Standard (MS ISO/IEC 27001:2013) - Information technology - Security techniques - Information security management systems - Requirements by Department of Standards Malaysia (Standards Malaysia) under Ministry of	This international standard specifies the requirements for establishing implementing, maintaining and continually improving an information security management system (ISMS) within the context of an organisation. It also sets out requirements for the assessment and treatment of information security risks	No explicit mention of matters related to competition.	Provides standards for conducting detailed risk assessments and implementing controls to manage information security. These standards are relevant to data governance, especially in managing the confidentiality,

#	Regulation	Description	Relevance to competition	Relevance to data privacy and protection
	<p><i>Science, Technology and Innovation (MOSTI)</i></p> <p>STANDARDS MALAYSIA</p>	tailored to organisational needs.		<p>integrity, and availability of sensitive information.</p> <p>Key paragraphs include:</p> <ul style="list-style-type: none"> • 6.1.2 Information security risk assessment • 6.1.3 Information security risk treatment • 7.5.3 Control of documented information
3	Service Tax 2018 (Guide On: Digital Services by Foreign Service Provider (FSP)) by RMCD under MOF	Clarifies the imposition of service tax on digital services provided by FSPs to consumers in Malaysia. It sets out the scope of taxable services, registration thresholds, accounting	No explicit mention of matters related to competition.	No explicit mention of matters related to data privacy and protection.

#	Regulation	Description	Relevance to competition	Relevance to data privacy and protection
		procedures, invoicing obligations, and compliance requirements for FSPs supplying digital services such as software, online platforms, advertisements, streaming services, and cloud hosting.		
4	Malaysian Standards (MS 2754-1:2022) - Sharing economy - Part 1: General principles by Department of Standards Malaysia under MOSTI 	Establishes overarching principles to guide actors in the sharing economy, including platform operators, providers, and users. The standard sets out key values such as integrity, transparency, accountability, and respect for affected interests to promote responsible conduct and build trust among participants. It applies to organisations of all types and sizes engaged in sharing economy activities.	No explicit mention of matters related to competition, but includes a principle requiring respect for other affected interests, including the protection of fair competition, the environment, health, safety, and economic well-being of the workforce and the public.	No explicit mention of data protection or privacy, but indirectly supports responsible information handling by emphasising transparency. Key paragraph(s) include: <ul style="list-style-type: none"> Paragraph 4.3: Transparency


#	Regulation	Description	Relevance to competition	Relevance to data privacy and protection
			<p>Key paragraph(s) include:</p> <ul style="list-style-type: none"> Paragraph 4.6: Respect for other affected interests 	
5	<p>Malaysian Standards (MS 2754-2:2024) - Sharing economy - Part 2: General trustworthiness and safety requirements for digital platforms by Department of Standards Malaysia under MOSTI</p> <p>STANDARDS MALAYSIA</p>	<p>Specifies general trustworthiness and safety requirements for digital platforms in the sharing economy. It provides guidelines for platform operators in verifying, onboarding, maintaining, and deactivating providers. The Standard applies to both digital platform operators and providers within the sharing economy.</p>	<p>No explicit mention of matters related to competition but the Standard includes requirements to consider third-party interests, including the protection of fair competition.</p> <p>Key paragraph(s) include:</p>	<p>Provides for the protection of security, privacy, and confidentiality of information handled by digital platforms, including mechanisms for handling sensitive information, identity authentication, and safeguards to protect confidential information. The standard also emphasises the principle of transparency,</p>


#	Regulation	Description	Relevance to competition	Relevance to data privacy and protection
			<ul style="list-style-type: none"> Paragraph 4.6: Respect for other affected interests 	<p>including the use of reliable and accurate data that may be subject to regulatory scrutiny.</p> <p>Key paragraphs include:</p> <ul style="list-style-type: none"> Paragraph 4.3: Transparency Paragraph 4.8: Protection of intellectual property Paragraph 4.9: Protection of security and privacy Paragraph 6.2.3: Authentication of identity and verification of credentials

#	Regulation	Description	Relevance to competition	Relevance to data privacy and protection
				<ul style="list-style-type: none"> Paragraph 6.6.1: General (Information security) Paragraph 6.6.2: Mechanisms for handling of information Paragraph 6.6.15: Protection of confidentiality
6	Guidelines on Taxation of Electronic Commerce Transactions by LHDN under MOF 	Provide guidance on the income tax treatment of e-commerce transactions, as there are currently no specific provisions under the Income Tax Act 1967 governing such transactions. Instead, existing tax laws and principles (including principle of tax neutrality) apply to	No explicit mention of matters related to competition.	No explicit mention of matters related to data privacy and protection.

#	Regulation	Description	Relevance to competition	Relevance to data privacy and protection
		both e-commerce and conventional transactions.		

5.1.6.3 E-commerce (Retail marketplace)- related codes

#	Regulation		Relevance to competition	Relevance to data privacy and protection
1	Code of Malaysian Business Ethics (MBE Code) by KPDN 	Provides ethical guidance to prevent misconduct in business and promote integrity across all levels of business operations. It sets out then (10) ethical principles aimed at fostering a trustworthy, customer-friendly and competitive business environment.	<p>Principle 1 directly addresses competition-related challenges, although it does not explicitly state whether it applies to the e-commerce sector.</p> <p>It emphasises the importance of fair business practices and compliance with competition principles, including the prohibition of anti-competitive agreements and abuse of dominant position.</p>	<p>Principle 6 addresses the protection of intellectual property, although it does not explicitly state whether it applies to the e-commerce sector.</p> <p>It emphasises the importance of respecting all forms of intellectual property owned by others, and the need to register its own intellectual property or copyright.</p> <p>Key principle(s) include:</p>

			<p>Key principle(s) include:</p> <ul style="list-style-type: none"> • Principle 1: Competition 	<ul style="list-style-type: none"> • Principle 6: Protection of Intellectual Property
2	<p>ASEAN Online Business Code of Conduct by ACCP</p>  <p>ASEAN Committee on Consumer Protection (ACCP)</p>	<p>Provides a statement of 15 core commitments for online businesses in ASEAN, aimed at promoting responsible and fair conduct towards consumers and supporting a sustainable and inclusive digital economy. The Code is voluntary and complements ASEAN's High-Level Principles on Consumer Protection.</p>	<p>No explicit mention of matters related to competition, but certain commitments may indirectly promote fair competition by requiring truthful communication and discouraging fake online reviews.</p> <p>Key commitments include:</p> <ul style="list-style-type: none"> • Commitment 6: We communicate honestly and truthfully • Commitment 14: We do not produce fake online reviews 	<p>Provides commitments relating to the protection of consumer data and privacy, including secure online payments and options for consumers to opt out of commercial messages.</p> <p>Key commitments include:</p> <ul style="list-style-type: none"> • Commitment 11: We keep private information private • Commitment 12: We make sure online payments are safe • Commitment 13: We avoid online spamming

5.1.6.4 Issues and gaps in the e-commerce (retail marketplace) regulatory environment

- **Lack of e-commerce-specific legal provisions**

1. Prevalence of non-binding guidelines and codes

Malaysia's regulatory environment for e-commerce marketplaces is largely characterised by reliance on non-binding instruments, such as the ASEAN Online Business Code of Conduct, the Code of Malaysian Business Ethics, the Malaysian Standard (MS ISO/IEC 27001:2013) and the Malaysian Standards (MS 2754-1:2022), and the Malaysian Standards (MS 2754-2:2024). Although these frameworks promote ethical business practice, data protection, quality and safety, they are not legally enforceable. Businesses may adopt them, but are under no obligation to do so, meaning that adherence is effectively optional. For instance, Malaysian Standards (MS) outline minimum technical requirements for product safety and quality. However, these standards remain voluntary unless a government agency formally integrates them into binding legislation, regulations or administrative bylaws.

By contrast, the EU Digital Services Act (DSA) imposes legally binding obligations on online platforms, including requirements around trader traceability, illegal content removal, and systemic risk management. In May 2024, the European Commission took active steps to make regulation systemic for big players in the e-commerce sector, as seen with the designation of Temu as a Very Large Online Platform (VLOP) under the DSA³⁵⁴, a status for platforms reaching over 10% of the EU's 450 million consumers. As a VLOP, Temu must conduct robust risk assessments (covering issues such as counterfeit or unsafe goods), ensure greater algorithmic transparency, and bolster consumer safeguards.

³⁵⁴ European Commission (2024). Commission designates Temu as Very Large Online Platform under the Digital Services Act. https://ec.europa.eu/commission/presscorner/detail/en/ip_24_3047

Separately in Australia, a co-regulatory model is used, where self-regulatory industry codes are enforced through statutory support. These codes, registered with the Australian Communications and Media Authority (ACMA), are subject to formal regulatory action, when necessary, effectively balancing industry autonomy and regulatory oversight³⁵⁵.

This comparison underscores a key regulatory gap in Malaysia's e-commerce framework. While current guidelines provide useful reference points, the absence of binding obligations limits their effectiveness in ensuring platform accountability and consumer protection. Moving towards enforceable standards, particularly in areas such as product safety, trader transparency and platform governance, may be necessary to strengthen oversight and align with emerging international best practices.

2. Gaps in Malaysia's statutory framework for e-commerce

Malaysia's Electronic Commerce Act 2006 (ECA) was initially enacted to legitimise electronic transactions by providing legal recognition for digital contracts, messages, and signatures. However, the emergence of modern e-commerce system in the 2010s has introduced new challenges that were not anticipated or addressed by the legislation at the time. Below are key challenges observed in the e-commerce marketplace scene in Malaysia:

(a) Merchant and consumer data management

One of the challenges in e-commerce that the existing ECA could not address was e-commerce platforms' duties regarding seller verification, product authenticity, or consumer data handling. This legal vacuum is only partially filled by related statutes such as the Consumer Protection Act 1999 (CPA) and the Personal Data Protection Act 2010 (PDPA). However, these laws focus on broad consumer and data rights, rather

³⁵⁵ Australian Communications and Media Authority (2011). Optimal conditions for effective self- and co-regulatory arrangements. <https://www.acma.gov.au/sites/default/files/2019-08/Optimal%20conditions%20for%20self-%20and%20co-regulation%20Sep%202011%20pdf.pdf>

than defining responsibilities specifically tailored to marketplace platforms. Notably, neither law expressly requires platforms to verify sellers, monitor their conduct, or ensure the accuracy of information provided to consumers.

For instance, while the Consumer Protection (Electronic Trade Transactions) Regulations 2012, enacted under the CPA require traders to disclose business details such as names, registration numbers, and contact information (Regulation 3), they do not place a direct obligation on platforms to verify sellers or confirm the authenticity of listed products. Similarly, the PDPA 2010 outlines core data protection principles, including consent, notice, and security (Sections 6-15), but does not cover newer digital concerns like cookie usage or cross-border data transfers. Additionally, it excludes non-commercial data processing and certain public bodies (Section 3(1)).

Furthermore, there is no specific statutory framework in Malaysia that sets out platform liability or intermediary responsibilities in the e-commerce context. In practice, enforcement falls back on general consumer law or private contractual claims, which may not be well suited to address the risks posed by platform-based transactions. These limitations suggest that while both laws set important minimum standards, they do not adequately address the unique responsibilities and risks associated with platform-based e-commerce.

In contrast, China has implemented a more robust and platform-specific regulatory regime. Under Article 27 of China's E-Commerce Law 2019, e-commerce platform operators are required to verify the identity and business qualifications of sellers before they are allowed to operate on the platform³⁵⁶. This creates a mandatory gatekeeping function, where platforms must actively screen sellers rather than passively host them. Additionally, China's Personal Information Protection Law 2021 imposes detailed obligations on how platforms

³⁵⁶ China Briefing (2018). China's New e-Commerce Law: Businesses should ready for stronger compliance norms. <https://www.china-briefing.com/news/china-new-e-commerce-law-businesses-ready-new-compliance-norms-2019/>

collect, store, and process user data³⁵⁷. It requires companies to obtain explicit consent, disclose data handling practices, and ensure data security. A similar approach is seen in India, where the Consumer Protection (E-Commerce) Rules 2020, issued under the Consumer Protection Act 2019, require platforms to disclose seller information (Rule 5(3)), maintain grievance mechanisms, and ensure accurate product representation. These developments reflect a growing international trend of holding platforms directly accountable for marketplace integrity and data protection.

(b) Platform liability

Another area where Malaysia's e-commerce framework could be strengthened is in addressing the lack of platform liability for third-party sellers and the absence of a centralised dispute resolution mechanism. Under the Consumer Protection (Electronic Trade Transactions) Regulations 2012 and the ECA, there is currently no legal requirement for platforms like Lazada and Shopee to verify the legitimacy of sellers or to intervene in disputes between buyers and sellers. These platforms are generally treated as neutral intermediaries, meaning they are not held responsible for the conduct of third-party sellers operating on their sites. However, this position is not expressly codified in legislation, and the absence of clear duties creates a significant regulatory gap in platform accountability. This leaves consumers vulnerable when sellers act fraudulently or fail to deliver goods. Dispute resolution is equally fragmented, where buyers are often left to navigate platform-specific complaint systems that are inconsistently enforced and lack transparency. While the Consumer Claims Tribunal offers a formal channel and has recently been well received by more citizens in filing their claims³⁵⁸, it is potentially constrained by its RM50,000 jurisdictional limits, and its inability to address cross-border disputes, which may be a shortcoming in an increasingly globalised digital marketplace.

³⁵⁷ Konrad Kollnig (2024). Privacy in Chinese iOS apps and impact of the personal information protection law. <https://www.sciencedirect.com/science/article/pii/S0267364924001079>

³⁵⁸ The Star (2024). Claimants, respondents speak of positive experience at tribunal. <https://www.thestar.com.my/metro/metro-news/2024/05/16/claimants-respondents-speak-of-positive-experience-at-tribunal>

By comparison, other jurisdictions have adopted more proactive approaches. The EU's Digital Services Act (DSA) imposes obligations on platforms to verify traders, remove illegal content swiftly, and implement "notice and action" systems. Non-compliance can result in substantial penalties, creating strong incentives for platform accountability.³⁵⁹ India's Consumer Protection (E-Commerce) Rules 2020 similarly require platforms to disclose detailed seller information, appoint grievance officers, and resolve complaints within a set timeframe³⁶⁰. These developments reflect a broader global shift towards embedding platform responsibility into e-commerce regulation, an approach Malaysia has yet to fully adopt.

(c) Algorithmic manipulation

The existing CPA also lacks provisions that can tackle the modern challenges posed by algorithmic manipulation in the e-commerce (marketplace) sub-sector. The CPA primarily focuses on traditional unfair trade practices and does not adequately cover the complexities introduced by digital algorithms that can influence consumer behaviour and decision-making processes³⁶¹. This gap leaves consumers unprotected against increasingly sophisticated forms of digital influence, which fall outside the scope of existing consumer protection provisions.

In contrast, the United Kingdom has taken significant steps to address these issues through the Digital Markets, Competition and Consumers Act 2024 (DMCC Act). This legislation strengthens consumer protection by prohibiting unfair commercial practices, including those facilitated by algorithms, such as personalised pricing and targeted advertising that exploit consumer vulnerabilities. For example, Schedule 20 of the DMCC Act bans practices such as suppressing negative reviews, using biased ranking algorithms that favour certain sellers, and personalised

³⁵⁹ European Commission (2020). Questions and answer on the Digital Services Act. https://ec.europa.eu/commission/presscorner/detail/en/qanda_20_2348

³⁶⁰ High Court of Tripura (2020). Consumer Protection (E-Commerce) Rules 2020. [https://thc.nic.in/Central%20Governmental%20Rules/Consumer%20Protection%20\(E-Commerce\)%20Rules,%202020.pdf](https://thc.nic.in/Central%20Governmental%20Rules/Consumer%20Protection%20(E-Commerce)%20Rules,%202020.pdf)

³⁶¹ Khidmat Guaman (2025). Legal aspects of e-commerce in Malaysia. <https://en.khidmatguaman.my/legal-aspects-of-e-commerce-in-malaysia/>

pricing without transparent disclosure. These are classified as always unfair regardless of whether actual consumer harm can be demonstrated. The DMCC Act empowers regulatory authorities to take action against businesses that engage in such practices, ensuring a fairer digital marketplace³⁶².

The European Union's Digital Services Act (DSA) also addresses algorithmic transparency and accountability. It mandates that online platforms disclose information about their content moderation and algorithmic decision-making processes, enhancing consumer awareness and enabling better-informed choices. For example, Article 14(1) of the DSA requires platforms to include in their terms and conditions clear information on any content moderation policies, including the use of algorithmic tools. Article 27 further requires platforms to provide users with accessible explanations of how recommender systems operate, particularly how content is prioritised or ranked. By doing so, the DSA aims to mitigate the risks associated with algorithmic manipulation and promote greater transparency and accountability among digital service providers.³⁶³

Similarly, China has implemented regulations targeting algorithmic practices through its Internet Information Service Algorithm Recommendation Management Provisions. These rules require service providers to prevent algorithmic discrimination and prohibit specific manipulative practices such as artificially inflating engagement metrics, manipulating rankings or hot-search feeds, or excessively promoting content (Article 14). Platforms must ensure transparency by publicly disclosing how their recommendation systems operate (Article 12) and enabling users to opt out of personalised suggestions (Article 16). The regulations also mandate fair treatment of competitor services, banning algorithms that unfairly disadvantage other providers (Article 15). Together, these provisions reflect China's broader commitment to algorithmic accountability, curbing harmful or unfair digital practices through clearer oversight and user control.

³⁶² Government UK (2025). Guidance on unfair commercial practices. <https://www.gov.uk/government/publications/unfair-commercial-practices-cma207/unfair-commercial-practices?>

³⁶³ Algorithm Watch (2023). A guide to the Digital Services Act, the EU's new law to rein in Big Tech. <https://algorithmwatch.org/en/dsa-explained/?>

In Thailand, in May 2025, its Senate committee on commerce and industry plans to propose guidelines in the draft of the Platform Economy Act to address growing concerns over the country's reliance on foreign e-commerce operators and its implications for digital sovereignty. The initiative comes against the backdrop of a domestic e-marketplace valued at approximately 1.8 trillion baht, where a substantial share of transactions involves products imported from overseas, particularly China. This dynamic has been accompanied by a notable influx of counterfeit, non-standard, and untaxed goods that compete directly with local brands, raising issues around tax compliance, and the overall integrity of the Thai market.³⁶⁴

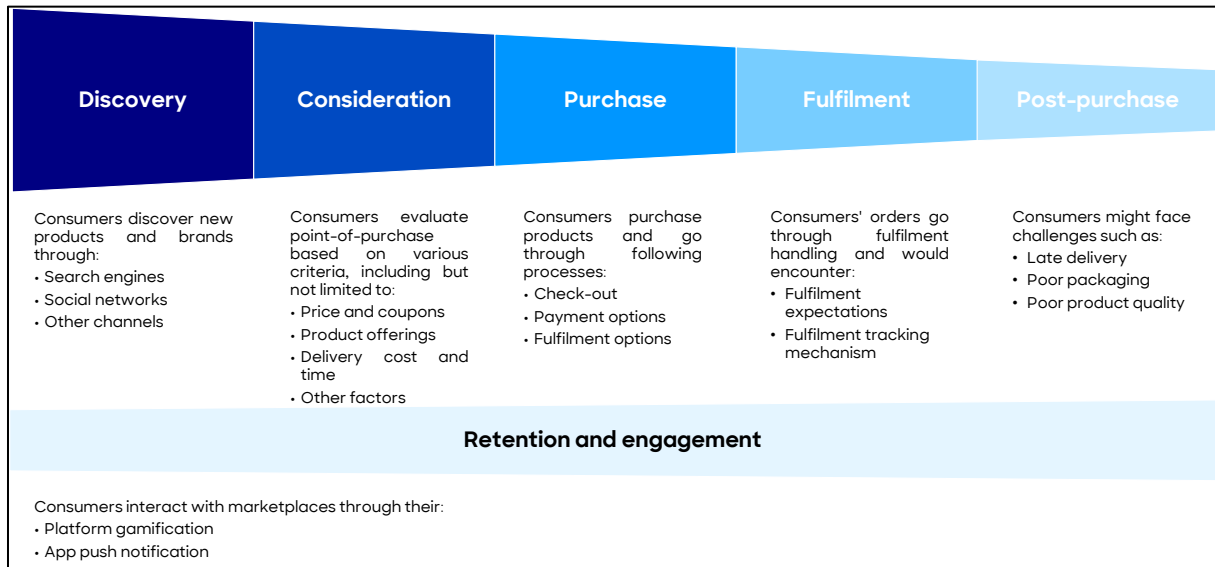
As of May 2025, Malaysia is undertaking a comprehensive review of the ECA. The review, which began in May 2024, aims to introduce a more comprehensive legal framework to suit evolving technological realities and safeguard consumer interest³⁶⁵. The proposed reforms are said to include mandatory seller verification obligations, clearer accountability standards for platforms, and the development of a centralised, platform-neutral dispute resolution mechanism.

³⁶⁴ Bangkok Post (2025). Senate panel preps e-commerce guidelines to address foreign players' dominance. <https://www.bangkokpost.com/business/general/3028740/senate-panel-preps-e-commerce-guidelines-to-address-foreign-players-dominance>

³⁶⁵ New Straits Times (2025). Ministry nears completion of e-commerce legislation review. <https://www.nst.com.my/news/nation/2025/03/1184316/ministry-nears-completion-e-commerce-legislation-review>

5.1.7 Consumer behaviour

Figure 59: E-commerce (retail marketplace) consumer journey



Source: MyCC analysis

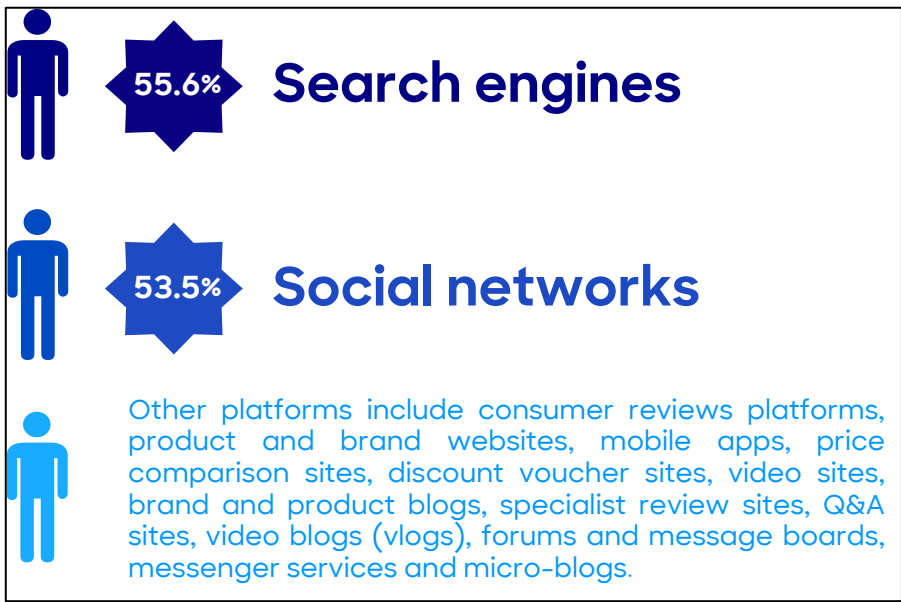
The consumer journey in e-commerce begins with the “discovery” phase, where consumers actively seek information about their desired products. In the “consideration” phase, consumers dive deeper, assessing point-of-purchase factors such as price and coupons, product offerings and fulfilment factors. This leads to the “purchase” phase where they go through the check-out process, choosing payment and fulfilment options (if made available by marketplaces). Once the purchase is completed, the “fulfilment” phase begins, where customers’ orders are processed and delivered, as well as received by them. Finally, in the “post-purchase” phase, customers evaluate the received product and platform shopping experience.

Along the journey, constant interactions by the consumers with the marketplaces also take place through features such as gamification feature and app push notification.

5.1.7.1 Discovery

At this stage, Malaysians discover products through a range of online and offline channels. This study focuses exclusively on online discovery channels.

Figure 60: Online channels used by Malaysian consumers to discover new products



Source: DataReportal

Among these, search engines and social media platforms are the primary tools Malaysians use to discover new products³⁶⁶:

- **Search engines:** 55.6% of consumers use search engines such as Google to discover new brands and products for potential purchase decisions. This form of search is typically keyword-driven, allowing consumers to explore multiple brands, compare alternatives, and validate product relevance based on their own needs.
- **Social networks:** Platforms such as Facebook, Instagram, and TikTok not only facilitate social interaction but also serve as curated discovery

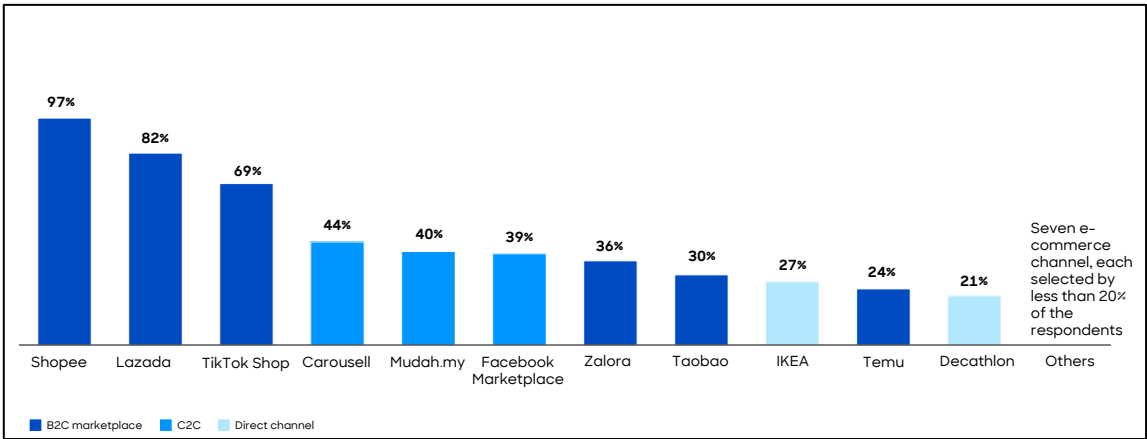
³⁶⁶ DataReportal (2025). Digital 2025: Malaysia, page 134. <https://datareportal.com/reports/digital-2025-malaysia>

spaces. Approximately 53.5% of consumers reported discovering new products or services via social networks. The visual and interactive nature of contents such as product demos, reviews, and influencer endorsements help deepen consumers’ understanding of the products. Moreover, consumers would be exposed to platform-specific advertising, such as Instagram’s sponsored posts or TikTok’s video ads, allowing them to discover new products by clicking on the ad. These ad formats are commonly blended seamlessly into consumers’ content feeds, allowing them to gain awareness of products based on the platform’s algorithm-driven recommendations.

Aside from search engines and social networks, other channels used by consumers to discover products include consumer reviews platforms, product and brand websites, mobile apps, price comparison sites, discount voucher sites, video sites, brand and product blogs, specialist review sites, Q&A sites, video blogs (vlogs), forums and message boards, messenger services and micro-blogs³⁶⁷.

This phase ends when consumers transition from interest to purchase-related actions. In the context of this study, the focus will be specifically on consumers’ actions within e-commerce marketplaces.

Figure 61: Online e-commerce channel usage, June 2025 [%]³⁶⁸



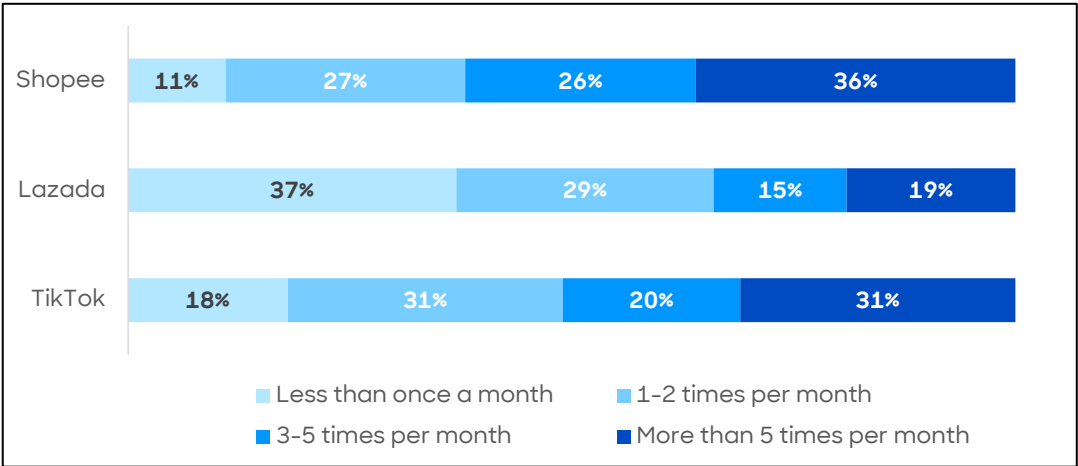
Source: MyCC’s survey

³⁶⁷ DataReportal (2025). Digital 2025: Malaysia, page 134. <https://datareportal.com/reports/digital-2025-malaysia>
³⁶⁸ MyCC’s survey.

In terms of B2C e-commerce marketplace usage, survey responses indicated that Shopee (97%) and Lazada (82%) are the two most widely used marketplace platforms. These platforms dominate in terms of market reach and are often considered default options for general-purpose online shopping. TikTok Shop also gained notable traction, with 69% of respondents indicating prior usage.

Meanwhile, Zalora (36%), Taobao (30%), and Temu (24%) reflect moderate usage, typically for niche categories like fashion or cross-border goods³⁶⁹. C2C platforms such as Carousell (44%), Mudah.my (40%), and Facebook Marketplace (39%) show steady traction³⁷⁰. Direct brand websites see limited engagement, with only IKEA (27%) and Decathlon (21%) showing notable usage³⁷¹. Other platforms such as Senheng, eBay, Lelong.my, Harvey Norman, Courts, Shein, and Rednote show minimal traction, indicating low relevance in the current market landscape.

Figure 62: B2C marketplace usage frequency, June 2025 [%]



Source: MyCC’s survey

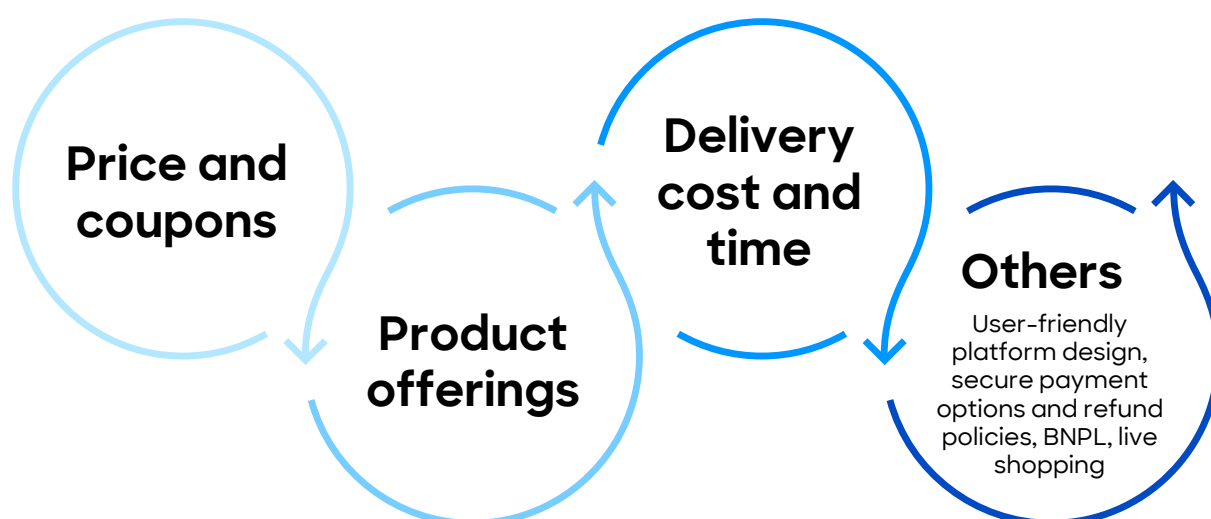
Usage frequency data further underscores Shopee’s leading position. Among Shopee users, 36% shop more than five times per month, followed by 26% shopping 3-5 times monthly, 27% shopping 1-2 times, and only 11% using the platform less than once per month³⁷². Separately, while Lazada

³⁶⁹ MyCC’s survey.
³⁷⁰ MyCC’s survey.
³⁷¹ MyCC’s survey.
³⁷² MyCC’s survey.

possesses strong user penetration, its purchase frequency is relatively low – 37% of users reported using the platform less than once per month, another 29% shop 1-2 times, 15% shop 3-5 times, while 19% use it more than five times per month³⁷³. For TikTok Shop, users, 31% shop more than five times monthly, another 31% shop 1-2 times, 20% shop 3-5 times, and 18% use it less than once per month³⁷⁴.

5.1.7.2 Consideration

Figure 63: Consideration factors for B2C marketplace purchase



Source: MyCC's survey

Survey findings show that consumer decision-making at this stage is primarily influenced by three dominant consideration factors. These factors point to a value-driven, assortment and fulfilment-centric consumer mindset³⁷⁵.

- **Price and coupons:** The most considered key factors by respondents are price considerations and coupons availability. This demonstrated high price-consciousness and promotion-driven shopping behaviour by survey respondents. Consumers do not just compare absolute prices but also actively factor in additional discount mechanisms such as

³⁷³ MyCC's survey.

³⁷⁴ MyCC's survey.

³⁷⁵ MyCC's survey.

platform vouchers, seller-specific coupons, and cashback vouchers. Among all, free delivery coupons remain a strong incentive, with 66.4% of Malaysian consumers identifying it as the leading reason for completing an online purchase³⁷⁶. The removal of shipping charges reduces total transaction costs, making a purchase more financially appealing.

- **Product offerings:** Product range emerged as a core decision driver during the consideration stage, highlighting respondents' growing preference for comprehensive, all-in-one shopping platforms. Consumers would have an inclination toward marketplaces that offer both breadth across categories, such as electronics, fashion, personal care, home essentials, and depth within categories, including brand diversity, pricing tiers, and availability of both mass and niche products.
- **Delivery cost and time:** Fulfilment performance has become a decisive factor in platform selection, particularly as consumers grow more accustomed to high service standards in online retail. In MyCC's survey, delivery cost and delivery time were consistently mentioned as the top considerations. Delivery speed is no longer seen as a premium service, but rather a core expectation, particularly for urban consumers and time-sensitive use cases (e.g., perishables, gifting, event-specific purchases).

Other influencing factors included user-friendly platform design, secure payment options and refund policies, all of which contributed to consumers' confidence and convenience during checkout. Secondary factors such as Buy Now Pay Later and live shopping functions also appealed to certain segments, particularly younger and more engaged users. These features collectively shaped overall platform consideration points of survey respondents.

5.1.7.3 Purchase stage

The purchase stage marks the final decision-making point in the consumer journey where the consumer is ready to finalise the transaction.

³⁷⁶ DataReportal (2025). Digital 2025: Malaysia, page 57. <https://datareportal.com/reports/digital-2025-malaysia>

Consumers at this stage focus on completing the transaction and prioritise smooth purchase experience. At this point, consumers evaluate the final checkout process, payment options, and logistical arrangements.

(a) Check-out process

For many consumers, a smooth and simple checkout process is crucial with approximately one out of three respondents highlighting a simple and streamlined checkout as a key factor in finalising their purchases³⁷⁷. Consumers might abandon the cart if the step at check-out is complicated and lengthy³⁷⁸. According to a study conducted by Stripe³⁷⁹, a financial services firm, more than half of consumers surveyed noted that they would abandon a purchase if the check-out process took longer than 3 minutes. Furthermore, 29% of MyCC's survey respondents have reported to encounter hidden costs, such as unexpected delivery charges, import fees, or price changes at checkout³⁸⁰, as key challenges during their purchase process. These unexpected charges disrupt the transparency of the purchase process and can lead to cart abandonment or dissatisfaction post-purchase.

³⁷⁷ DataReportal (2025). Digital 2025: Malaysia, page 57. <https://datareportal.com/reports/digital-2025-malaysia>

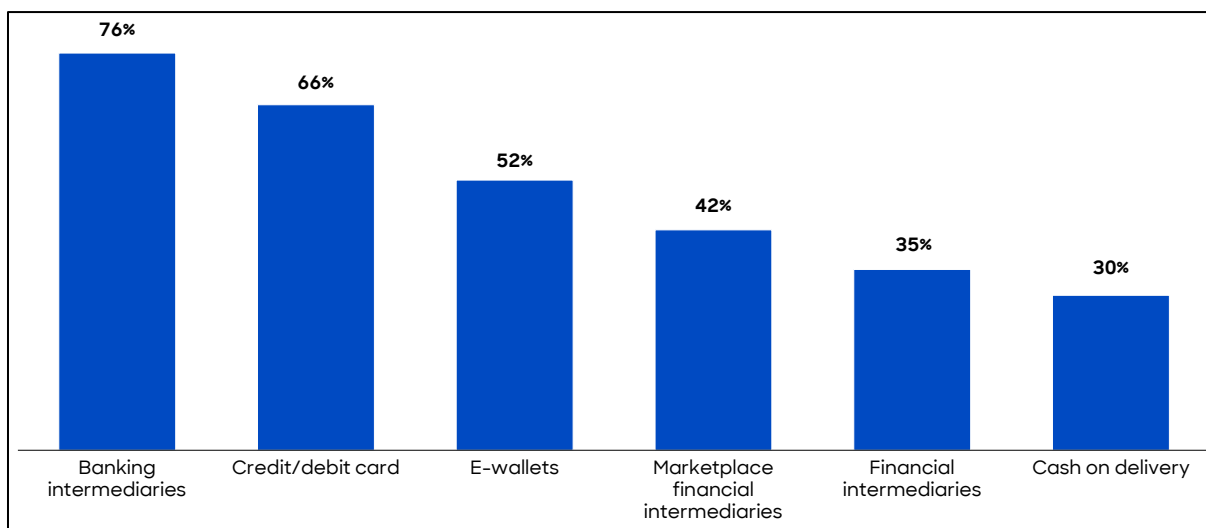
³⁷⁸ Stripe (2023). The top eight reasons for basket abandonment and what they can tell you about your business. <https://stripe.com/resources/more/top-8-reasons-for-cart-abandonment>

³⁷⁹ Tech Wire Asia (2022). E-commerce checkout in Malaysia is filled with errors. <https://techwireasia.com/2022/10/e-commerce-checkout-in-malaysia-are-filled-with-errors/>

³⁸⁰ MyCC's survey.

(b) Payment options

Figure 64: Preferred payment method on e-commerce marketplaces, May 2025 [%]³⁸¹



Source: MyCC's survey

Consumers are generally offered a wide range of payment options within e-commerce marketplaces, with 49% of survey respondents strongly agrees and 32% agrees that having a wide range of payment methods is crucial to their overall purchase experience³⁸².

The few prominent payment options preferred by consumers are³⁸³:

- **Banking intermediaries:** Bank transfers via intermediaries such as FPX are the most widely used payment method among surveyed consumers, with 76% indicating preference for this option. This method allows users to pay directly from their bank accounts through familiar interfaces, which are integrated into most e-commerce platforms. For many, it offers a straightforward process without the need for additional accounts or tools.

³⁸¹ MyCC's survey.

³⁸² MyCC's survey.

³⁸³ MyCC's survey.

- **Credit/debit cards:** Credit and debit cards are used by 66% of respondents. These are commonly available payment instruments and are supported across most online shopping platforms. Users who select this method are often those who already have access to card-based banking and are comfortable entering card details at checkout.
- **E-wallets:** 52% of respondents reported using e-wallets when purchasing on e-commerce platforms. These digital wallets, often linked directly to mobile phones, offer another cashless alternative that users may already be using for offline payments. Their usage reflects a shift among some users towards mobile-integrated payment experience.
- **Marketplaces' financial intermediaries:** 42% of surveyed consumers make use of payment options provided directly by e-commerce platforms, such as SPayLater or LazPayLater. These services are typically offered at checkout and allow users to defer payment or split it into instalments. Their usage suggests a growing interest in short-term payment flexibility offered within platform ecosystems.
- **External financing intermediaries:** 35% of respondents reported using third-party Buy Now Pay Later (BNPL) services. These options are available on selected platforms and allow for delayed or staggered payments. While Malaysia has limited credit card penetration among Millennials and Gen Z, these younger consumers are increasingly utilising interest-free loans or instalments offered by these BNPL companies³⁸⁴. Consumers opting for this method are engaging with external financing tools during the purchase process, potentially to manage cash flow or accommodate higher-value purchases.
- **Cash on Delivery (COD):** COD remains in use by 30% of respondents. This method does not require prior digital payment and enables consumers to complete the transaction only upon receiving the product. It remains

³⁸⁴ GlobeNewswire (2025). Malaysia Buy Now Pay Later Business Report 2025: BNPL payments to grow by 15.1% to reach \$2.52 Billion this Year - forecasts to 2030. <https://www.globenewswire.com/news-release/2025/03/06/3038302/28124/en/Malaysia-Buy-Now-Pay-Later-Business-Report-2025-BNPL-Payments-to-Grow-by-15-1-to-Reach-2-52-Billion-this-Year-Forecasts-to-2030.html>

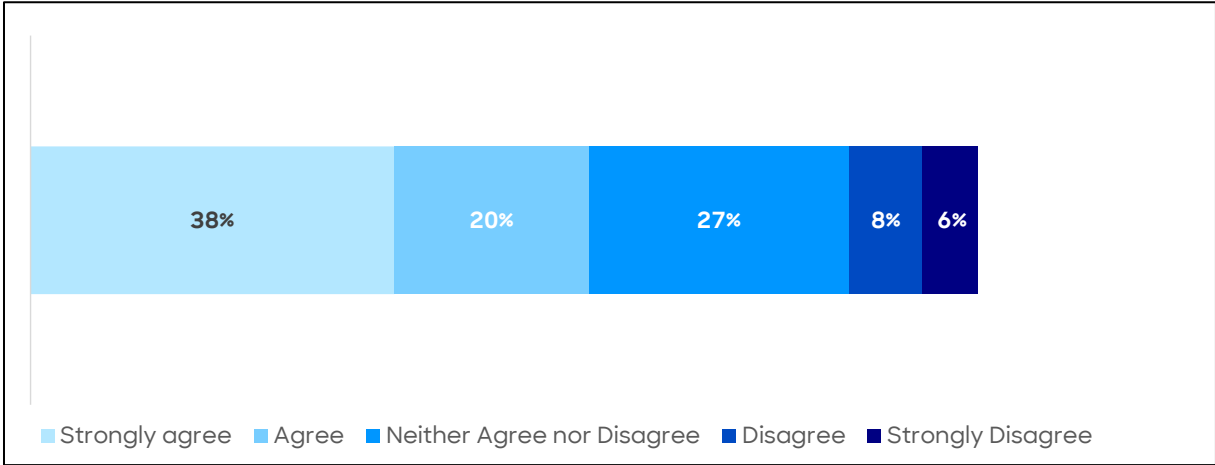
a preferred method for users who either do not use digital payment tools or prefer to verify the product before paying.

5.1.7.4 Fulfilment stage

Fulfilment expectations: In this stage, customers expect a timely and transparent handover of their purchased items from the merchant to the logistics provider. Once the order is confirmed and processed, customers typically anticipate that the parcel will enter the delivery pipeline within a short timeframe. Notably, one in four Malaysian consumers identifies next-day delivery as a key factor influencing their e-commerce platform selection³⁸⁵.

Consumers proceed to select their preferred shipping method offered by the e-commerce marketplace. On key marketplaces such as Shopee, TikTok Shop and Lazada, consumers are typically presented with a range of fulfilment options, including doorstep delivery, same-day delivery, self-collection at designated pick-up points, or in some cases, delivery via the seller’s own fleet. These options cater to different consumer needs in terms of preference, urgency, and location accessibility.

Figure 65: Respondents’ preference for self-selected logistics providers in e-commerce marketplaces



Source: MyCC’s survey

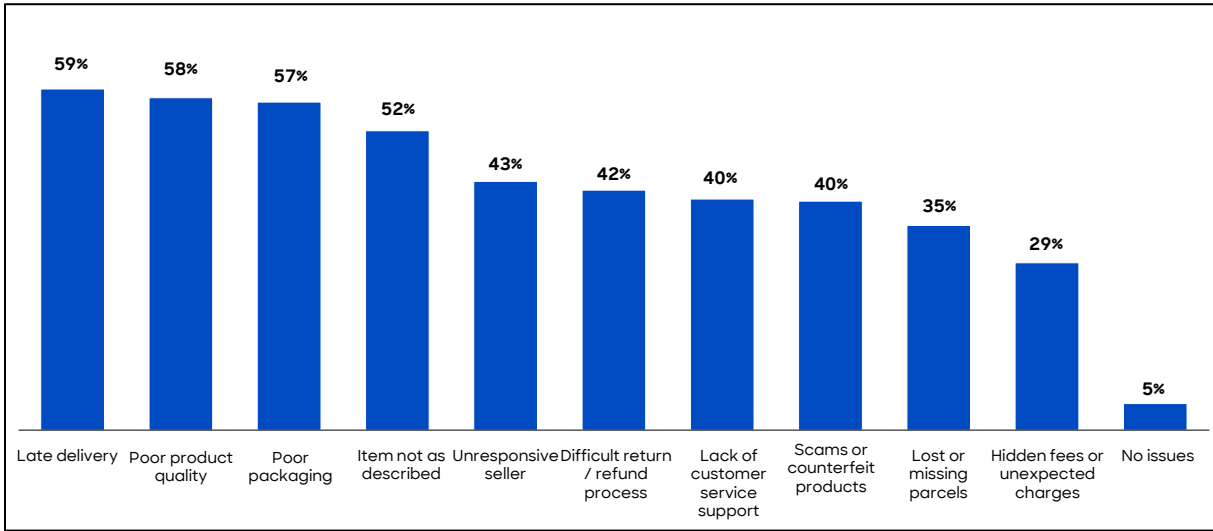
³⁸⁵ DataReportal (2025). Digital 2025: Malaysia, page 57. <https://datareportal.com/reports/digital-2025-malaysia>

When it comes to courier service providers, consumers typically do not have the option to choose, as couriers are usually assigned automatically by major marketplaces. According to MyCC’s survey, a significant number of respondents expressed a preference for selecting their own logistics or delivery company, rather than relying on one assigned by the marketplace – 38% strongly agreed and 20% agreed with this sentiment³⁸⁶.

5.1.7.5 Post purchase stage

The post-purchase stage after the customer has received the product. At this point, customers assess whether the product aligns with their expectations and, if necessary, initiate after-sales actions such as returns, refunds, or feedback submissions. Key reported issues faced by survey respondents after making purchase on e-commerce marketplaces include:

Figure 66: Challenges encountered by survey respondents on e-commerce marketplaces, May 2025 [%]³⁸⁷



Source: MyCC’s survey

- **Late delivery:** Most commonly reported issue, cited by 59% of respondents. Timeliness remains a core expectation in the e-commerce experience for consumers.

³⁸⁶ MyCC’s survey.
³⁸⁷ MyCC’s survey.

- **Poor product quality:** 58% of consumers reported dissatisfaction with product quality. This includes items that are perceived as substandard, defective, or not meeting expectations based on listings. As consumers are only able to view images through the marketplaces, they are bound to uncertainties in product quality that might not be as per expectations.
- **Poor packaging:** Reported by 57% of respondents³⁸⁸. Issues include insufficient protection, damaged outer packaging, or inappropriate handling during delivery. For many users, inadequate packaging raises concerns about product safety and reflects negatively on seller professionalism.
- **Item not as described:** 52% of respondents encountered products that did not match descriptions or images provided online. Instances where images or descriptions shown in product listing and product received are not identical. Furthermore, 26% of e-commerce related complaints received by the Ministry of Domestic Trade and Costs of Living have indicated consumers receiving products not as described³⁸⁹.

Only 5% of respondents indicated that they did not face any challenges in their recent e-commerce experience³⁹⁰. This suggests that most users encounter at least one form of dissatisfaction when placing an order on e-commerce marketplaces.

5.1.7.6 Retention and engagement stage

Along the consumer journey, consumers remain in contact with e-commerce marketplaces that go beyond transactional activity. Specifically, retention and engagement strategies deployed by marketplaces are designed to emphasis on retaining users and encouraging repeated engagement through a combination of platform gamification and personalised re-engagement tactics. These strategies include but not limited to:

³⁸⁸ MyCC's survey.

³⁸⁹ Input from industry players.

³⁹⁰ MyCC's survey.

- **Platform gamification**

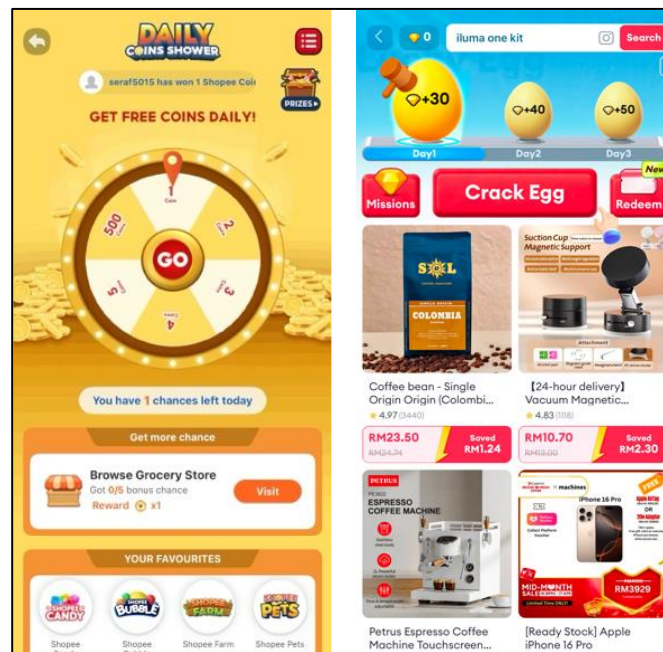
Many users remain engaged with platforms like Shopee and Lazada through gamified features embedded into the daily app experience. These features are structured around low-effort activities that reward consistent interaction. For instance, users can collect Shopee's daily coins by checking in or completing basic in-app tasks. Over time, these coins can be exchanged for vouchers or used to partially offset future purchases³⁹¹.

Malaysians engaged with these games tend to have higher levels of satisfaction and more positive attitudes toward the marketplaces. They are also more likely to support overall marketplace growth by sharing positive word-of-mouth³⁹².

³⁹¹ Lazbeat (2023). Game on: How Lazada is levelling up online shopping for Southeast Asian consumers. <https://lazbeat.net/lazada-game-online-shopping-southeast-asian-consumers/>

³⁹² International Journal of Electronic Commerce Studies (2021). Consequences of user experience in a gamified e-commerce platform, page 124. <https://academic-pub.org/ojs/index.php/ijecs/article/view/2004>

Figure 67: Selected games in e-commerce marketplaces (Shopee and Lazada)



Source: Shopee, Lazada

- **App push notifications**

Users are also likely to encounter personalised notifications designed to prompt re-engagement. These typically appear when items are left in a cart, when there is a price drop on a viewed product, or when vouchers are nearing expiry. Alerts are received on their device from time-to-time as a means for marketplaces to assist users in acting on previously expressed intent.

5.1.7.7 Implication on competition

Key customer preferences such as fast delivery, simple checkouts, and integrated payment options have largely been shaped by standards introduced by incumbent e-commerce marketplaces. These players also roll out advanced features that typically require substantial financial resources, such as gamification and integrated video content.

This dynamic incentivises dominant platforms to entrench these systems, making it challenging for new or smaller players to attract users or

compete. New entrants would need to invest heavily in marketing to address credibility gaps and overcome low brand familiarity.

Furthermore, as consumers become increasingly accustomed to the offerings of major marketplaces, platform stickiness grows. Users develop familiarity with curated feeds, search results, and recommendation algorithms, giving leading platforms significant control over product visibility. This will provide key marketplaces the advantage to prioritise their own private-label offerings or preferred sellers. Since consumers tend to not scroll past the first page of search results in general³⁹³, this behaviour may encourage platforms to engage in self-preferencing, limiting competition by reducing the discoverability of non-preferred or unaffiliated sellers.

Moreover, while consumers place high value on timely delivery, they are generally indifferent to which courier or logistics provider is used, as long as the ordered product arrives on time and in good condition. This provides strong justification for marketplaces to adopt delivery masking practices as part of their efforts to deliver a seamless e-commerce experience to consumers. Over time, such practice may reduce competition within the logistics segment and limit the ability of both consumers and sellers to choose alternative delivery providers, thereby reinforcing the marketplace's control over the fulfilment process.

³⁹³ MySense (2024). Why SEO is important for Malaysian businesses. <https://mysense.com.my/why-seo-is-important-for-malaysian-businesses-mysense/>

5.1.8 Innovative trends

5.1.8.1 Emergence of social commerce

Social commerce blends e-commerce functionality directly into social media environments, enabling consumers to discover, evaluate, and purchase products within a single, seamless platform. Unlike traditional e-commerce models which separate product browsing and transactional stages, social commerce compresses the purchase funnel into an integrated and interactive journey³⁹⁴.

Leading Chinese platforms such as *Douyin* (TikTok China), *Xiaohongshu* (Rednote) and *Pinduoduo* are at the forefront of social commerce. In 2024, *Douyin*'s in-app GMV surged to USD 490 billion, reflecting a 30% year-on-year growth of consumer spending on the platform³⁹⁵. These platforms enable users to discover and purchase products organically through mechanisms such as user-generated contents, influencer-driven narratives, and livestream selling, all embedded within a single app environment, compressing the traditional purchase funnel³⁹⁶.

Other social media platforms such as Facebook and Instagram have also leveraged on this trend and have actively embedded e-commerce functionality within their social interfaces. Through features such as Facebook Shops, Instagram Shops, and product tagging, businesses can showcase products directly within users' social feeds³⁹⁷ to gauge user purchases.

Moreover, YouTube is evolving into a social commerce platform through strategic partnerships with e-commerce players. In the United States, YouTube has collaborated with Shopify, allowing creators to tag products in their videos and direct viewers to storefronts without leaving the

³⁹⁴ Wix (2024). Ecommerce vs. social commerce: key differences and evolution. <https://www.wix.com/blog/ecommerce-vs-social-commerce>

³⁹⁵ Tech in Asia (2025). Douyin hit \$490b GMV in 2024, 30% higher than previous year. <https://www.techinasia.com/news/douyin-hit-490b-gmv>

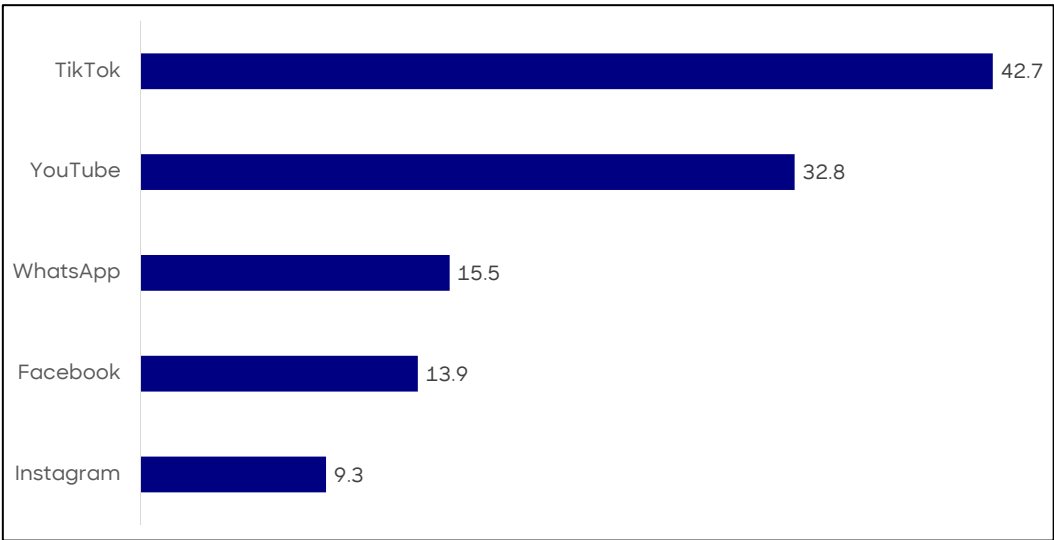
³⁹⁶ China-Britain Business Council (2024). Your super simple guide to social commerce in China. <https://focus.cbcc.org/what-is-social-commerce-and-why-is-it-so-big-in-china>

³⁹⁷ Meta (2020). Introducing Facebook Shops, a new online shopping experience. <https://www.facebook.com/business/news/announcing-facebook-shops>

platform³⁹⁸. Similarly, in Southeast Asia, YouTube has partnered with Shopee in Indonesia to pilot integrated shopping experiences that bridge content and commerce within the video ecosystem³⁹⁹.

In Malaysia, TikTok Shop has rapidly emerged as the leading social commerce platform, driven by its expansive user base and high engagement levels. As of 2025, TikTok boasts an estimated 19.3 million users in Malaysia. It has recorded the highest content consumed social media platform for Malaysian averaging 42.7 hours per month⁴⁰⁰. In 2024, Malaysian consumers spent approximately USD 2.7 billion (RM12.07 billion) on TikTok Shop, an increase of 104% growth from 2023⁴⁰¹.

Figure 68: Social media app usage in Malaysia: Average time spent per month (number of hours), 2024



Source: DataReportal

³⁹⁸ TechCrunch (2024). YouTube takes on TikTok Shop with expanded Shopify partnership. <https://techcrunch.com/2024/08/20/youtube-takes-on-tiktok-shop-with-expanded-shopify-partnership/>

³⁹⁹ Retail Asia (2024). Shopee and YouTube launch new e-commerce partnership in Southeast Asia. <https://retailasia.com/e-commerce/news/shopee-and-youtube-launch-new-e-commerce-partnership-in-southeast-asia>

⁴⁰⁰ DataReportal (2025). Digital 2025: Malaysia, page 91. <https://datareportal.com/reports/digital-2025-malaysia>

⁴⁰¹ TechNave (2025). Consumers in Malaysia spent RM12.07 billion on TikTok Shop last year, the world's 6th highest on the platform. https://technave.com/gadget/Consumers-in-Malaysia-spent-RM12-07-billion-on-TikTok-Shop-last-year-the-world-s-6th-highest-on-the-platform-41446.html#goog_rewarded

Large players in Malaysia's e-commerce space, such as Shopee and Lazada, are also seen actively embedding social media-inspired features to compete within the social commerce landscape. Both platforms have introduced short-form video content and livestreaming shopping features to replicate the user engagement dynamics seen on social platforms like TikTok. In particular, Shopee has significantly ramped up its short video strategy as a direct response to the rising dominance of TikTok Shop. This includes prompting merchants to produce engaging product videos and collaborating with creators to showcase items in a more authentic, community-driven manner, a method aimed at replicating TikTok's viral product discovery format⁴⁰².

These initiatives indicate a broader shift in Malaysia's e-commerce ecosystem from static product listings to immersive, video-centric commerce experiences as traditional e-commerce platforms work to stay relevant against the growing popularity of social commerce platforms.

5.1.8.2 Emergence of super-apps

Super-apps are multifunctional digital platforms that consolidate multiple services, including messaging, payments, ride-hailing, e-commerce, and financial tools into a single, cohesive user interface⁴⁰³. This convergence model creates a vertically integrated user experience that promotes frequent engagement, cross-service monetisation, and data synergies across verticals⁴⁰⁴.

A defining trend in super-app development is the expansion from a single-use platform into a multi-service ecosystem. Initially, these platforms enter the market with a core value proposition such as e-commerce, ride-hailing, or payments. Once they amass a large user base, they expand gradually

⁴⁰² Tech in Asia (2024). Shopee's mimicry of TikTok Shop is starting to pay off. <https://www.techinasia.com/shopee-ramps-shortvideo-efforts-fend-tiktok-shop>

⁴⁰³ Gartner (2022). What is a superapp? <https://www.gartner.com/en/articles/what-is-a-superapp>

⁴⁰⁴ Madison Technologies (2025). Super apps vs. traditional apps: A comprehensive comparison. <https://madison-technologies.com/super-apps-vs-traditional-apps-comparison/>

into adjacent or even unrelated sectors to enhance consumer stickiness and increase monetisation opportunities⁴⁰⁵.

Within the Malaysian market, a prominent emerging super-app that originated as an e-commerce marketplace is Shopee. Started in 2015, it has since moved beyond its core e-commerce function to incorporate features such as digital financial services (ShopeePay, Insurance), and on-demand delivery (ShopeeFood), positioning itself as a commerce-centric super-app⁴⁰⁶. Globally, trends of super-app emergence are echoed by platforms such as WeChat (China), Alipay (China), GoJek (Indonesia) and Paytm (India), all which have built expansive digital ecosystems that support a range of services⁴⁰⁷.

5.1.8.3 Integration of Generative Artificial Intelligence (GenAI) in e-commerce platforms

GenAI is redefining digital consumer engagement by enabling hyper-personalised interactions, automating content creation, and delivering real-time conversational assistance at scale. Unlike traditional AI, which primarily performs ruled-based or prediction tasks, GenAI enables platforms to simulate human-like creativity and responsiveness by automating product descriptions, synthesising review summaries, and powering intelligent virtual shopping assistants.

Global e-commerce leaders such as Amazon (U.S.), Taobao (China), Shopee and Lazada are at the forefront of this shift, deploying GenAI at scale to enhance every stage of the customer journey. Selected examples of GenAI in this sub-sector include:

- **AI shopping guide:** In late 2024, Amazon launched AI Shopping Guides, leveraging Large Language Models (LLM) trained on its vast product catalogue. These guides generate real-time shopping advice,

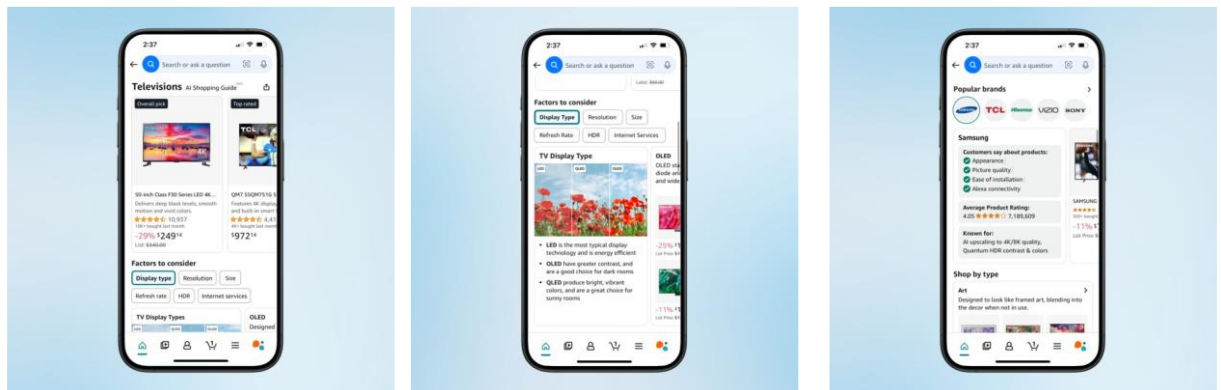
⁴⁰⁵ Ramotion (2025). What is super app? <https://www.ramotion.com/blog/what-is-super-app/>

⁴⁰⁶ The Asian Banker (2025). Shopee scales its digital-first business as online shopping becomes the new normal. <https://www.theasianbanker.com/updates-and-articles/shopee-scales-its-digital-first-business-as-online-shopping-becomes-the-new-normal>

⁴⁰⁷ Technology Magazine (2023). Top 10: super apps. <https://technologymagazine.com/top10/top-10-super-apps>

highlight key attributes, and offer product recommendations across various categories. This helps users navigate high-consideration purchases such as electronics, home appliances, and outdoor gear⁴⁰⁸.

Figure 69: Amazon's AI shopping guide



Source: Amazon

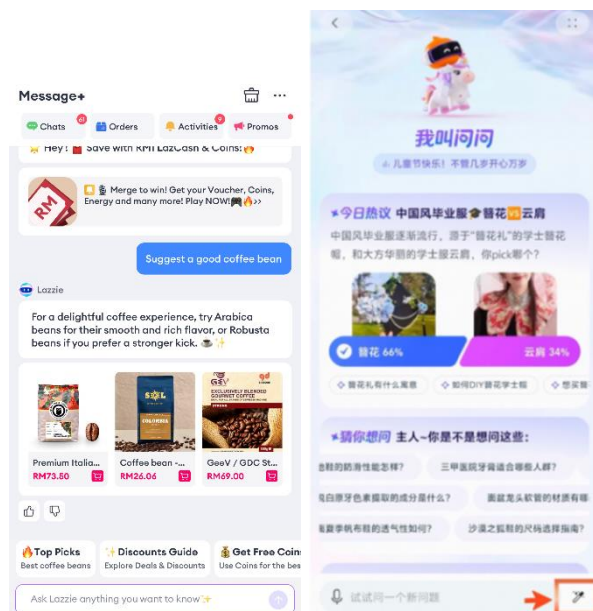
- **Hyper-personalised product descriptions and recommendations:** Amazon employs GenAI to tailor product titles and descriptions based on user context, allowing them to surface the relevant features and benefits to the particular user. The LLM dynamically rewrites listing content to better align with each shopper's browsing history, preferences, and intent signals. This marks a departure from generic listings toward individualised, context-aware messaging⁴⁰⁹.
- **GenAI-powered shopping assistant:** Amazon's "Rufus", a conversational shopping assistant where customers can ask product questions and Rufus replies with tailored recommendations,

⁴⁰⁸ Amazon (2024). Amazon's new AI Shopping Guides make it easier to research product types and buy smarter. Here's how. <https://www.aboutamazon.com/news/retail/amazon-ai-shopping-guides-product-research-recommendations>

⁴⁰⁹ Amazon (2024). How Amazon is using generative AI to improve product recommendations and descriptions. <https://www.aboutamazon.com/news/retail/amazon-generative-ai-product-search-results-and-descriptions>

feature comparisons and synthesised review insights⁴¹⁰. Similarly, Taobao’s “Wenwen” lets users enter free-form questions or prompts about what they want, and it responds with detailed product recommendations, pros-and-cons summaries, and also recommend related short videos or livestreams to guide buying choices⁴¹¹. In Malaysia, Lazada launched “AI Lazzie”, an integrated and interactive personal shopper to provide personalised suggestions and product recommendations, considering buyer preferences, purchase history, and query context⁴¹².

Figure 70: Illustration of GenAI-powered shopping assistant



Source: Amazon, Taobao, Lazada

- **AI-generated review highlights:** Both Amazon and Lazada use GenAI to distil large amount of customer reviews into summaries,

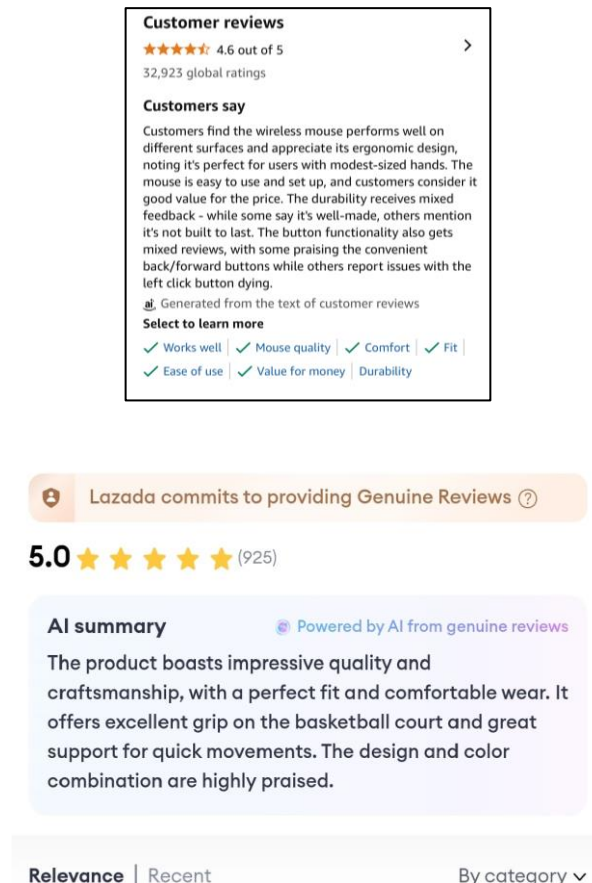
⁴¹⁰ Amazon (2024). How customers are making more informed shopping decisions with Rufus, Amazon’s generative AI-powered shopping assistant. <https://www.aboutamazon.com/news/retail/how-to-use-amazon-rufus>

⁴¹¹ Alibaba (2024). Taobao and Tmall upgrades consumer shopping experience and merchant support through AI. <https://www.alibabagroup.com/en-US/document-1738398759789789184>

⁴¹² Technave (2024). AI Lazzie coming soon on Lazada app as a new AI shopping assistant. <https://technave.com/gadget/AI-Lazzie-coming-soon-on-Lazada-app-as-a-new-AI-shopping-assistant-40506.html>

highlighting common praises and complaints⁴¹³. This feature would help users' purchasing decisions by shortening their reading time on individual reviews.

Figure 71: Illustration of AI-generated reviews highlights



Source: Amazon, Lazada

- **Customised store-front generation:** Taobao's "1,000 People, 1,000 Stores" initiative leverages GenAI to create fully customised brand storefronts. For instance, two users entering the same Nike store on Taobao may see different product line-ups, banners, and layout,

⁴¹³ Bernama (2024). Lazada launches AI Lazzie, suite of Genai features, promises exciting 11.11 sales <https://www.bernama.com/en/news.php?id=2361039>; Amazon (2024). Here's how Amazon's AI-generated review highlights help you make better shopping decisions. <https://www.aboutamazon.com/news/retail/amazon-ai-generated-review-highlights>

dynamically optimised based on user behaviour and preference profiles⁴¹⁴.

- **Neuro-Linguistic Programming- (NLP) powered chat assistant:** Shopee is adopting AI at a gradual pace, with “Sophie” its chatbot that uses NLP to resolve user queries in real-time. Sophie enhances user experience by recognising relevant intent, anticipating queries based on user’s live interaction and localised problem-solving capabilities, commonly used for resolution cases⁴¹⁵.

5.1.8.4 Implications on competition

- **High entry barriers for new entrants**

The rapid rise of social commerce platforms has introduced structural dynamics that may influence competitive conditions in the broader e-commerce ecosystem. One key implication is the emergence of high entry barriers for new entrants. Leading platforms such as TikTok have built substantial user bases. With the scale of almost 19.3 million Malaysian users⁴¹⁶, it grants the e-commerce arm considerable advantages in scale and visibility. Large platforms might leverage on users’ social media usage and search behaviour to make product targeting more relevant and effective to each user. According to the ACCC, large digital platforms operating across various levels of the GenAI stack may be motivated to limit competition. They could do this through practices like anti-competitive self-preferencing, bundling or tying products, or placing excessive limits on interoperability or user switching.

The capital investment required to build comparable infrastructures, including livestreaming capabilities, integrated payment systems, and

⁴¹⁴ IMD (2024). How AI gives Taobao’s one billion customers the personal touch. <https://www.imd.org/ibyimd/magazine/how-ai-gives-taobaos-one-billion-customers-the-personal-touch/>

⁴¹⁵ Malaymail (2024). Shopee retains top spot in Malaysia in 2024 with laser focus on Gen-Z. <https://www.malaymail.com/news/money/mediaoutreach/2024/04/03/shopee-retains-top-spot-in-malaysia-in-2024-with-laser-focus-on-gen-z/289494>

⁴¹⁶ DataReportal (2025). Digital 2025: Malaysia, page 91. <https://datareportal.com/reports/digital-2025-malaysia>

creator engagement mechanisms, further raises the threshold for smaller players or independent startups attempting to enter the market⁴¹⁷.

Relating to the super-app trend, from a user perspective, this provides convenience by allowing seamless digital transactions, eliminating the need for multiple app switching, tailored personalised services, and synchronised access to user data⁴¹⁸. As users become increasingly entrenched within these app ecosystems, the cost of switching to alternative platforms rises, resulting in higher barriers to entry for smaller or standalone players.

Moreover, the extensive collection and utilisation of user data across various service verticals enable super-apps to develop advanced personalisation and predictive capabilities, giving them a strategic edge in customer retention and targeted advertising. While these functionalities enhance the user experience, they also raise concerns about data privacy, consent, and algorithmic transparency, particularly in markets with developing data governance frameworks, such as Malaysia.

Similarly, on the GenAI trend, from a market-competition standpoint, it is reshaping the competitive landscape by allowing incumbents to create highly personalised, data-rich, and frictionless user experiences. These capabilities, once deployed at scale, become difficult to replicate without equivalent infrastructure and datasets. These would cause rising barriers to entry for new entrants as building, fine-tuning, and deploying GenAI models requires proprietary data, cloud infrastructure, and in-house machine learning talent.

- **Ecosystem lock-in**

Another critical implication relates to ecosystem consolidation. In particular to the social commerce trend, such platforms offer end-to-end experiences, spanning product discovery, consideration, and purchase,

417 ACCC (2025). Digital platform services inquiry. Page 261. <https://www.accc.gov.au/system/files/digital-platform-services-inquiry-final-report-march2025.pdf>

418 Forbes (2024). How super app developers can deliver convenience and personalization. <https://www.forbes.com/councils/forbesbusinesscouncil/2024/12/13/how-super-app-developers-can-deliver-convenience-and-personalization/>

within a single digital environment. This funnel compression reduces the friction typically associated with multi-step e-commerce journeys. By eliminating the need for consumers to switch between discovery and checkout platforms, these apps create more seamless and engaging shopping experiences. Over time, this seamless experience may foster a form of ecosystem lock-in, where users increasingly rely on a single app not only for social interaction but also for retail activity.

5.1.9 Key players and level of competition

5.1.9.1 Key players along the supply chain

1. Merchants

The merchant layer of Malaysia's e-commerce supply chain is highly fragmented, with low concentration and significant variation in scale and capabilities. The merchant ecosystem remains broad-based, with a large number of micro enterprises co-existing alongside a smaller number of brand-backed or cross-border sellers. Platforms such as Shopee and TikTok Shop have onboarded a large volume of merchants, with Shopee reporting close to 2 million registered merchants as of 2023⁴¹⁹, while TikTok Shop had approximately 1.5 million registered merchants (156,000 active) as of November 2024⁴²⁰. This significant seller base reflects the sector's low barriers to entry at the registration level, particularly for smaller and informal enterprises.

According to survey data from MyCC, the market is heavily skewed toward micro-enterprises, defined as businesses with annual revenues below RM 300,000. Micro-enterprises account for 87% of merchants out of 357 responses, followed by small enterprises (RM 300,000 to 3 million) at 10%, medium enterprises (RM 3 million to 20 million) at 3%, and large enterprises (above RM 20 million) making up less than 1%. This distribution reflects the low barriers to entry for micro, small, and medium enterprises (MSMEs), as most platforms allow merchants to register and begin selling with minimal onboarding friction. In particular, the absence of upfront set-up or listing fees on platforms such as Shopee, Lazada and TikTok Shop has incentivised widespread participation from MSMEs, making e-commerce an accessible and appealing channel for new or small-scale businesses.

Merchants within marketplaces are commonly segregated among:

⁴¹⁹ The Malaysian Reserve (2023). Shopee to onboard new sellers with incentives and programmes. <https://themalaysianreserve.com/2023/06/21/shopee-to-onboard-new-sellers-with-incentives-and-programmes/>

⁴²⁰ Input from industry players.

- **Regular merchants:** Most common entry level of local merchants, comprising mostly micro, small and medium enterprises (MSMEs) that list products on the platform's open marketplace. Competition within this group is high, with many sellers relying on price discounting and platform exposure to attract traffic. In highly saturated categories, such as fashion accessories or mobile peripherals, merchants may face challenges in differentiation, as multiple merchants often list similar SKUs at competitive price points to compete.
- **Official store / brand merchants:** This tier includes licensed brand owners, authorised distributors, and larger professional resellers. They operate within curated sections such as Shopee Mall and LazMall, offering consumers brand authenticity, better customer service, and tighter SLAs (e.g. for delivery, return, and warranty). As of June 2025, Shopee hosts 3,759 branded official shops under its Shopee Mall programme⁴²¹. These merchants often benefit from favourable platform terms, such as co-platform marketing for better visibility and brand campaigns that lead to higher traffic to their brand stores.
- **Cross-border merchants:** International sellers, primarily from Mainland China and, to a lesser extent, other SEA markets, who participate in Malaysia's e-commerce ecosystem through cross-border programmes such as Shopee's Cross-Border, Lazada's Taobao integration, and TikTok Shop's cross border storefronts. These sellers often benefit from competitive pricing advantages driven by scale, streamlined supply chains, and direct sourcing from manufacturers or factories. Their presence has also been supported by dedicated stores on the marketplaces, e.g., Shopee Choice Global which features a wide range of products from international merchants⁴²².

However, cross-border merchants may face structural limitations, particularly in areas such as delivery lead times, customs processing,

⁴²¹ Shopee (2025). Shopee Malls. <https://shopee.com.my/mall/brands>

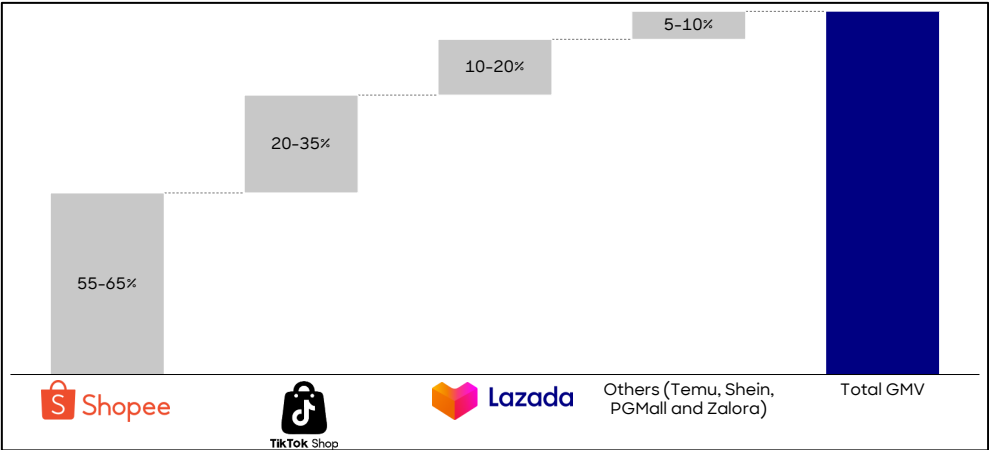
⁴²² Shopee (2025). Shopee Choice Global. https://shopee.com.my/shopee_choice_global.my?page=3&sortBy=pop&tab=0

and after-sales service. Compared to local sellers, these constraints can impact consumer experience, particularly in categories where speed and service are critical. At the same time, cross-border sellers also play a complementary role in addressing unmet consumer demand by offering niche or long-tail products that may not be readily available in the domestic market. This dynamic contributes to both competitive pressure and product diversity within Malaysia’s online marketplace landscape.

In response to the growing participation of foreign sellers and to create a more equitable operating environment for Malaysian merchants, the Royal Malaysian Customs Department (RMCD) implemented a sales tax for low-value goods (LVG) which came into force on 1st January 2024. Under this regime, all imported goods with a value not exceeding RM500 delivered via air courier into Malaysia are subject to a 10% sales tax⁴²³. These measures are designed to level the playing field between overseas and domestic sellers by ensuring that cross-border e-commerce is taxed on a more comparable basis to local retail transactions.

2. Marketplaces

Figure 72: Estimated GMV of key marketplaces in Malaysia, 2024 [%]



Source: Interaction with industry players and MyCC analysis

423 Ministry of Finance (2023). Sales tax on imported low-value goods sold online. <https://www.mof.gov.my/portal/en/news/press-release/sales-tax-on-imported-low-value-goods-sold-online>

Based on interviews with key players and market input, Malaysia's e-commerce GMV in 2024 remains heavily concentrated among a few dominant platforms⁴²⁴, ⁴²⁵. Shopee holds a commanding share of an estimated 55-65% of total e-commerce GMV. TikTok Shop emerges as a fast-rising e-commerce marketplace player, estimated to contribute 20-35% of total GMV, despite having entered the market only in 2022. Its rapid growth trajectory lies in its social commerce model, where short-form videos, influencer partnerships, and interactive features help drive consumer engagement and purchasing behaviour.

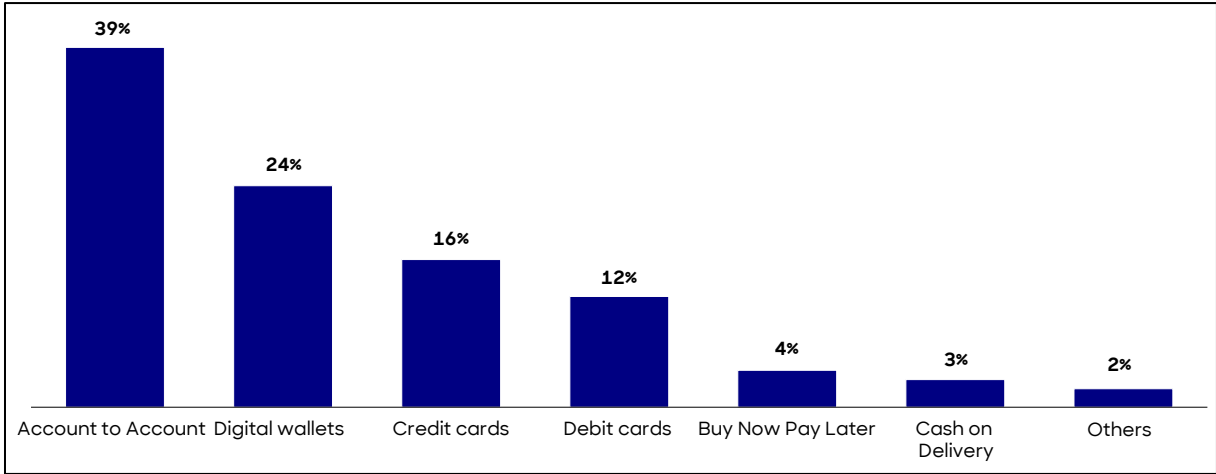
Lazada, while holding a smaller share of around 10-20%, remains a key competitor. The remaining share of the GMV, approximately 5-10%, is split among various other players, including international platforms like Temu and Shein, along with local e-commerce companies such as PGMall. Some of these smaller players are gaining traction by catering to niche markets (e.g., Zalora).

⁴²⁴ Momentum Works (2024). Ecommerce in Southeast Asia 2024, page 11. https://momentum.asia/wp-content/uploads/2024/07/Ecommerce-in-Southeast-Asia-2024_MW_July-2024-1.png

⁴²⁵ Input from IDI.

3. Payment providers

Figure 73: E-commerce payment methods in Malaysia by transaction value⁴²⁶



Source: Worldpay

Malaysia’s e-commerce payment landscape has a diverse ecosystem of digital payment providers, including financial institutions, e-money issuers, and payment gateways. The top e-commerce payment methods in Malaysia by transaction value are

1. **(Account-to-Account) A2A:** In 2023, 39% of transaction value on e-commerce was conducted through A2A payments. This method is enabled by real-time interbank transfer systems such as FPX (Financial Process Exchange) and DuitNow, which allow direct bank-to-bank transfers at checkout. Their rise has been driven by several factors, including lower transaction fees for merchants, real-time settlement capabilities, and strong consumer trust owing to direct authentication via internet banking platforms. These characteristics make A2A payments particularly attractive for both merchants and consumers, offering a streamlined, secure, and cost-effective method to make e-commerce payments.

⁴²⁶ Worldpay (2024). Global payments report 2024, page 65. <https://offers.worldpayglobal.com/rs/850-JOA-856/images/TheGlobalPaymentsReport2024.pdf>

2. **Digital wallets:** Digital wallets is the second most used payment method with 24% of total transaction values. Major players include Touch 'n Go eWallet, GrabPay, Boost, and a growing trend of platform-native wallets (e.g., ShopeePay and Lazada Wallet).
3. **Credit cards:** Credit cards account for 16% of Malaysia's e-commerce transaction value. These are typically issued by licensed financial institutions and operate in partnership with global card networks such as Visa, Mastercard, and American Express (Amex).
4. **Debit cards:** Debit cards account for 11% of Malaysia's e-commerce transaction value, reflecting moderate usage among consumers. These cards are issued by licensed financial institutions such as Maybank, CIMB Bank, Public Bank, etc. and are directly linked to users' current or savings accounts, enabling real-time fund deduction during transactions.
5. **Buy Now Pay Later (BNPL):** BNPL accounts for 4% of e-commerce transaction value in Malaysia. BNPL allows users to split purchases into instalments typically interest-free over a short duration without the need for traditional credit card approval. Prominent BNPL providers for e-commerce platforms in Malaysia include Atome, LazPayLater and SPayLater. These services are increasingly integrated at the checkout stage of major e-commerce platforms.
6. **Prepaid cards:** Prepaid cards represent just 1% of Malaysia's e-commerce transaction value, reflecting minimal adoption and niche use cases. These cards are preloaded with a fixed amount of funds and are not linked to a personal bank account. Typically issued by banks, fintechs, or co-branded platforms, examples include Touch 'n Go Visa Prepaid, BigPay, Wise Pay etc.

4. **Logistics partners**

Many logistics partners in Malaysia are dependent on large e-commerce marketplaces for volume, a reliance that puts them at risk, as these marketplaces may impose unfavourable terms. In terms of key players, Pos Malaysia and GDEX are prominent homegrown logistics players in Malaysia.










In addition to these local players, international companies like DHL have been early entrants in the market. In recent years, the logistics landscape has evolved with the entry of new VC-backed players such as J&T Express, Flash Express, Ninja Van, and Lalamove.

A notable trend is the rise of integrated logistics services launched by key e-commerce marketplaces, exemplified by Shopee's SPX and Lazada's LEX. As many companies invest in technology and infrastructure to enhance delivery capabilities, they face the challenge of competing with these marketplaces, which are increasingly handling their own logistics operations. According to input from industry players, the majority of e-commerce parcel volume is managed by marketplaces' own integrated logistics services.

However, marketplaces still collaborate with third-party logistics (3PL) providers to complement its in-house capabilities. According to an input from a marketplace, these logistic players should have strength in service coverage, operational scale and cost competitiveness. Unlike a straightforward application process, the marketplace selection of 3PL partners is primarily a business development initiative, where they would reach out to logistic partners to fulfil logistic needs in underserved areas⁴²⁷.

⁴²⁷ Input from industry players.

Table 31: Key e-commerce logistics players in Malaysia

Companies	Overview	2023 Revenue [MYR million]*
	Established in the 1800s, today served as the national postal service provider. Possesses a wide domestic network and well-integrated into the Malaysian infrastructure	1,871
	Established in 1997 as an express delivery services provider	397
	Entered Malaysia in 1973. Global player focusing on international shipping and courier delivery services	N/A
	Established in 2014 and entered Malaysia in 2015. Focuses on last mile delivery services	
	Founded in 2015 and entered Malaysia in 2018. Focuses on last mile delivery services, with competitive pricing as its USP	1,285
	Established in 2013 and entered the Malaysian market in 2018. Offers on-demand delivery service	71
	Established in 2017 and entered the Malaysian market in 2021. Offers integrated E-Commerce logistics service.	N/A
	Founded in 2020 as the integrated logistics channel of Shopee. 100% of its revenue is derived from Shopee	N/A
	Integrated logistics arm of Lazada. Apart from Lazada, it also carries non-Lazada platform volumes for other customers	N/A

* Revenues from Capital IQ (for international players, only its Malaysian entity's revenue is highlighted)

Source: MyCC analysis

5. E-commerce enablers

E-commerce enablers have become vital intermediaries in Malaysia's digital commerce ecosystem, offering end-to-end value-added services that help merchants participate more effectively across major online marketplaces and digital sales channels. These enablers typically support merchants, particularly bigger companies or brands with operations such as storefront setup, product listing optimisation, campaign execution, warehousing, order fulfilment, and customer service.

A significant characteristic of the enabler landscape is its high dependency on large marketplaces such as Shopee, Lazada, and TikTok Shop. According to interviews with industry stakeholders, marketplace-linked volumes account for the bulk of enabler business activity. While partnerships with marketplaces offer scale and visibility, this platform dependency introduces structural risks, especially in the form of service fee pressures, tiering compliance requirements, and exposure to frequent changes in platform policies.

According to industry estimates, there are approximately 30 prominent enabler firms operating in Malaysia, spanning a mix of local and regional players. Notable examples include Commerce.Asia, Store&Go, and Momentum Commerce, all of which provide integrated e-commerce support services. Many of these players have formed strategic relationships with platforms through official Marketplace Partner Programs, which recognise and certify enablers that meet predefined performance, scale, and service standards.

A defining trend is the increasing platform alignment of enablers with major e-commerce players such as Shopee, Lazada, and TikTok. They have all established formal ecosystems of preferred service providers, offering certified enablers greater visibility in seller dashboards, preferential matching with merchants, and access to platform tools and APIs. This trend has led to a concentration of demand around ecosystem-approved players, effectively reducing opportunities for independent or unaffiliated enablers to compete on equal footing.

In parallel, platforms themselves are expanding into service verticals traditionally covered by third-party enablers. Examples include Shopee's S-Commerce trading and Lazada's FBL service, both of which allow the platforms to directly manage warehousing and logistics operations on behalf of merchants.

5.1.9.2 Key e-commerce (retail marketplace) players

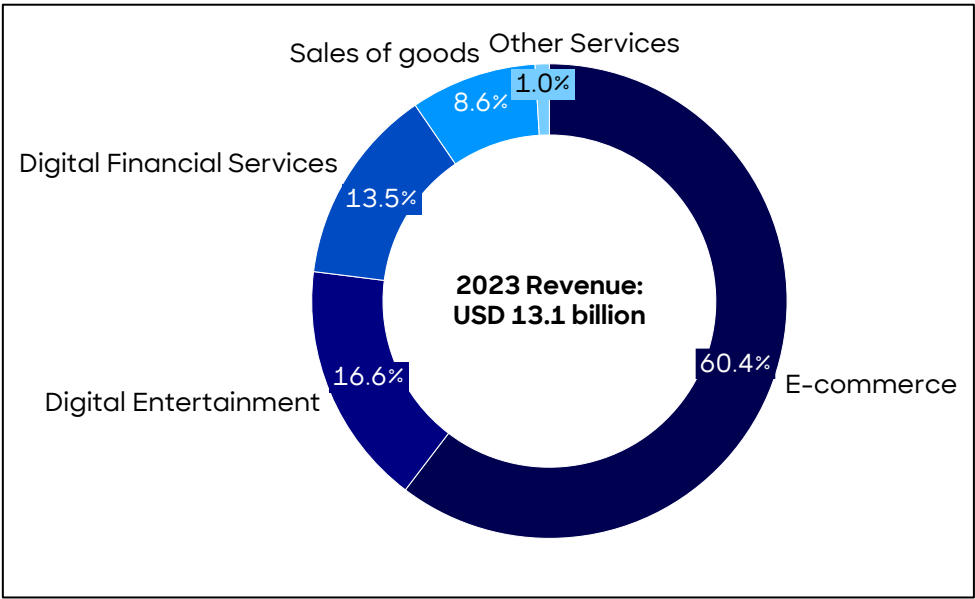
(a) Shopee

Launched in 2015 by Sea Limited, Shopee entered Malaysia as one of the seven countries in its initial rollout (e.g., Singapore, Indonesia, Thailand, etc.). The platform adopted a mobile-first approach, catering to Malaysia's high mobile penetration, while also offering a website version. At the time, the Malaysian e-commerce landscape was already competitive with players like Lazada. Shopee stood out by offering a user-friendly mobile app, fast delivery localised services, and flexible payment options such as COD.

Shopee in Malaysia focuses on a hyper-localisation strategy, adapting its offerings and operations to meet the specific needs and preferences of

local consumers⁴²⁸. This is achieved through the enrolment of local merchants and the employment of local staff. Shopee also utilises engaging marketing campaigns, influencer partnerships, and sales events like 11.11 and 12.12 to strengthen its presence. As of January 2025, the Shopee app is ranked 9th in Google Play Store downloads and 24th in Apple App Store downloads⁴²⁹.

Figure 74: SEA Limited revenue 2023 [USD]⁴³⁰



Source: SEA Limited

In 2023, SEA Group, the parent company of Shopee, generated approximately USD 9.0 billion in revenue from its e-commerce services and sales of goods. Around 70.3% of this revenue came from Southeast Asia, including markets such as Indonesia, Malaysia, the Philippines, Singapore, Thailand, and Vietnam.

⁴²⁸ Input from IDI.
⁴²⁹ Similarweb (2025). Top apps ranking. <https://www.similarweb.com/top-apps/apple/malaysia/>
⁴³⁰ SEA Limited (2023). Annual report, page 98. <https://cdn.sea.com/webmain/static/resource/seagroup/pressrelease/2023AR/FdMSmBixSINFi2KM9oBH/2024-04-26%20-%20Form%2020-F.pdf>

The platform benefits from Sea Group's support and its focus on integrating various services, such as ShopeePay for digital payments, ShopeeFood for food delivery, and SPX for logistics solutions.

Figure 75: Services offered by Shopee to end customers

Marketplace-related				Other ventures
Marketplace	Video content	Financial-related	Logistics	Food service
<ul style="list-style-type: none"> • Shopee marketplace • Shopee Mall • Specialised online store (not exhaustive): <ul style="list-style-type: none"> - Shopee Choice - Shopee Supermarket • Curated categories: <ul style="list-style-type: none"> - Shopee Home - Shopee Wellness - Shopee Premium 	<ul style="list-style-type: none"> • Shopee Video 	<ul style="list-style-type: none"> • ShopeePay • SPayLater • SLoan 	<ul style="list-style-type: none"> • SPX Express 	<ul style="list-style-type: none"> • ShopeeFood

Source: Shopee

As of March 2024, it is estimated that 36.4% of its revenue in Malaysia is generated by electronics and accessories, followed by apparel and fashion at 20.3%, home and furniture at 9.8%, health and beauty at 8.6% and the remaining (consisting of mom and kids, groceries, hobby and toys, others) at 24.9%⁴³¹.

Shopee also runs multiple ongoing programmes aimed at enhancing the visibility and competitiveness of Malaysian sellers, often in partnership with government bodies. Examples include the “Kempen Beli Barangan Buatan Malaysia,” MDEC’s Export Campaign, PUPUK@Shopee, the Rakan Usahawan PUNB onboarding programme, JANA Niaga MARA, and ASEAN Online Sales Day. Shopee also maintains a dedicated microsite (Shopee Rai Lokal) to feature local products. Additionally, Shopee organises seller-focused engagement activities such as the annual Seller Summit and XPerts Bootcamp, and provides customer service channels and feedback

⁴³¹ TMO Group (2024). Malaysia ecommerce data pack. <https://www.tmogroup.asia/downloads/malaysia-ecommerce-sales-estimates-march-2024/>

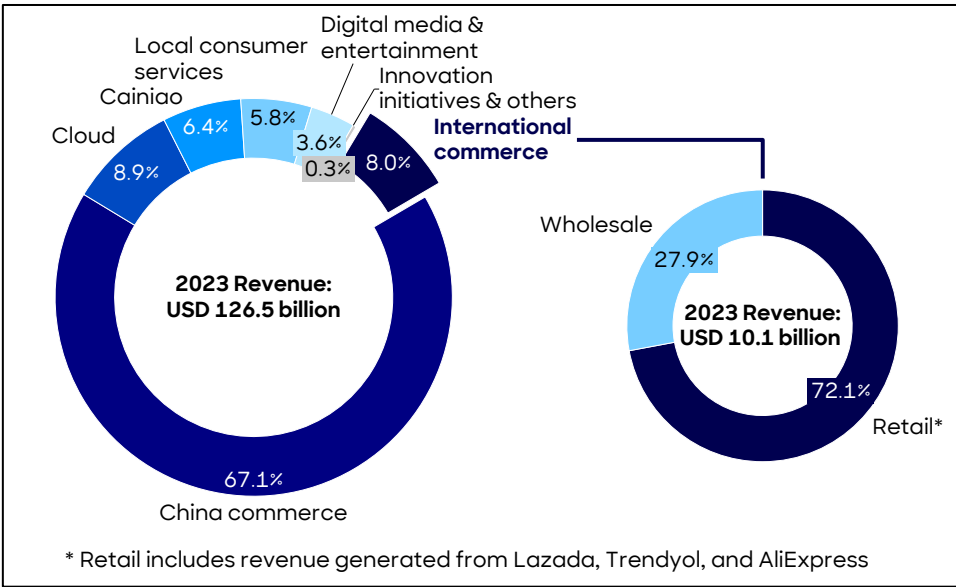
mechanisms (including customer satisfaction score - CSAT and social media monitoring) to identify and address merchant concerns⁴³².

(b) Lazada

Founded in 2012, Lazada was initially backed by Rocket Internet, with investments from companies such as Tesco, Temasek, Summit Partners, JP Morgan Chase, and Kinnevik AB. In 2016, Lazada was acquired by Alibaba Group. Since then, it has grown to become a key e-commerce platform in Southeast Asia, serving over 560 million consumers.

The marketplace was initially launched as a platform selling products from its own warehouse. However, it later shifted its business strategy to allow third-party stores to offer products on the platform.

Figure 76: Alibaba Group annual revenue 2023 [USD]⁴³³



Source: Alibaba Group

Since becoming an Alibaba Group subsidiary, it has benefited from the group’s technology infrastructure. The marketplace operates a comprehensive ecosystem, which includes its core e-commerce platform,

⁴³² Written input from industry players.
⁴³³ Alibaba Group (2023). Fiscal year 2023 annual report. <https://static.alibabagroup.com/reports/fy2023/ar/ebook/en/index.html>

Lazada Wallet for digital payments, and Lazada Logistics for end-to-end logistics solutions.

Figure 77: Services offered by Lazada to end customers

Marketplace-related				Other ventures
Marketplace	Social media	Financial-related	Logistics	Travel & others
<ul style="list-style-type: none">• Lazada marketplace• LazMall• Specialised online store (not exhaustive):<ul style="list-style-type: none">- LazBEAUTY- Lazada Groceries- LazHome	<ul style="list-style-type: none">• LazLive	<ul style="list-style-type: none">• Lazada Wallet• Lazada Installment Payment Plan	<ul style="list-style-type: none">• Lazada Logistics	<ul style="list-style-type: none">• LazTravel• TopUp, bill and eCoupon

Source: Lazada

As of March 2024, 38.3% of Lazada’s revenue in Malaysia is generated through TV and home appliances products sales, followed by babies and toys at 37.6%, and ten other categories that make up 24.1% (consisting of health and beauty, electronic devices, electronic accessories, home and lifestyle, sports and lifestyle, women’s and men’s fashion and accessories, groceries and pets, kid’s fashion and accessories and automotive and motorcycles⁴³⁴).

Lazada’s support for local sellers in Malaysia includes financial assistance, partnerships with government agencies, and campaigns to promote locally made products. During the pandemic, Lazada launched the RM10 million “Pakej Kedai Pintar” in collaboration with KPDN and MDEC to help SMEs transition online. Lazada also partners on campaigns such as “Jualan Merdeka” and “Kempen Beli Barangan Malaysia” to encourage consumer spending on local products. Beyond these initiatives, Lazada operates seller incubation programmes and provides a dedicated Partner Support Centre to assist sellers with platform-related issues and business growth⁴³⁵.

⁴³⁴ TMO Group (2024). Malaysia eCommerce data pack. <https://www.tmogroup.asia/downloads/malaysia-ecommerce-sales-estimates-march-2024/>

⁴³⁵ Written input from industry players.

(c) TikTok Shop

TikTok Shop, launched by TikTok in 2023, allows users to discover and purchase products directly through engaging video content. Unlike Shopee and Lazada, TikTok Shop does not have its own payment or delivery system. Instead, it focuses on enabling merchants to sell their products through in-feed videos, live shopping events, and a dedicated “Shop” tab on their TikTok profiles.

What sets TikTok Shop apart is its ability to tap into its existing user base and data. In early 2024, TikTok had 26.7 million users aged 18 and above in Malaysia, making it easier for TikTok Shop to reach potential customers⁴³⁶. The platform uses this data to show items tailored to each user’s preferences, creating a more personalised shopping experience compared to platforms like Shopee and Lazada. Additionally, features like shoppable ads, product showcases and collaborations with creators allows businesses to engage with their audiences and promote their products in a different manner.

Notably, 50% of TikTok users report watching content and shopping on the platform simultaneously⁴³⁷. This seamless integration of entertainment and commerce lowers traditional purchase barriers by enabling users to transition directly from product discovery to checkout within the same app environment.

Additionally, buyers in TikTok Shop are observed to be “impulse shoppers”, as reflected in the platform’s low average transaction value of USD 4.64 (approximately MYR 20)⁴³⁸. In Malaysia, 59% of TikTok users report engaging in “retail therapy” on a weekly basis⁴³⁹, suggesting a recurring pattern of

⁴³⁶ Digital Business Lab (2024). TikTok marketing in Malaysia: trends, user behavior, and industry insights <https://digital-business-lab.com/2024/10/tiktok-marketing-in-malaysia-trends-user-behavior-and-industry-insights/>

⁴³⁷ TikTok (2024). TikTok drives Shoppertainment for Malaysian businesses. <https://newsroom.tiktok.com/en-my/tiktok-drives-shoppertainment-for-malaysian-businesses>

⁴³⁸ Momentum Works (2025). TikTok Shop GMV in 2024 surpassed US\$30 billion. <https://thelowdown.momentum.asia/tiktok-shop-gmv-in-2024-surpassed-us30-billion/>

⁴³⁹ TikTok (2024). TikTok drives Shoppertainment for Malaysian businesses. <https://newsroom.tiktok.com/en-my/tiktok-drives-shoppertainment-for-malaysian-businesses>

emotionally driven purchases that aligns with the platform's immersive, content-first experience⁴⁴⁰.

TikTok Shop has implemented several initiatives in Malaysia to support local sellers, particularly micro, small, and medium enterprises (MSMEs), often in collaboration with government agencies. In 2024, under its #JomLokal programme, TikTok Shop reported training over 100,000 local MSMEs. It has partnered with MATRADE to help local businesses expand exports to Singapore and worked with Federal Agricultural Marketing Authority (FAMA) to deliver digital training to agro-based MSMEs. The platform has also participated in campaigns such as the Sarawak Digital Mall, Karnival TEKUN Madani, and the Festival Ramadan Putrajaya 2024, and collaborated with the Ministry of Rural and Regional Development to support the Desamall initiative. These efforts align with broader objectives to improve digital participation and market access for Malaysian sellers⁴⁴¹.

(d) Temu

Temu, a US-based marketplace and an offshoot of the Chinese e-commerce platform Pinduoduo, entered the Malaysian market in September 2023. The platform focuses on affordability and value, regularly offering deals and promotions to appeal to budget-conscious shoppers. Temu's Next-Generation Manufacturing (NGM) model allows the marketplace to share consumer insights with manufacturers and merchants, enabling the delivery of high-quality products that are tailored to consumer needs.

⁴⁴⁰ RSIS International (2025). An overview of TikTok on online shopping behaviour in Malaysia. <https://rsisinternational.org/journals/ijriss/articles/an-overview-of-tiktok-on-online-shopping-behaviour-in-malaysia>

⁴⁴¹ Written input from industry players.

Figure 78: Temu’s Next-Gen Model⁴⁴²

Key Benefits of Temu's Next-Gen Manufacturing model				
End-to-end optimization delivers 50% total cost savings versus conventional methods				
Better Understanding Consumers (10%)	Accurate Sales Predictions (5%)	Efficient Inventory Management (10%)	Less Marketing, More Savings (20%)	Nimble Logistics, Faster Delivery (5%)
Leveraging consumer insights to create tailored products that consumers want at unbeatable prices.	More accurate sales forecasts minimize waste, enhance efficiency.	Improved sales predictions lower inventory risks, freeing capital and cutting warehouse costs.	Lower marketing spend needed to push tailored products, with savings passed on to consumers.	Just-in-time distribution reduces the need for large warehouses to store goods.

Source: Pandaily

(e) PGMall

PG Mall, established in 2017 by Public Gold Marketing Sdn Bhd, is an online marketplace headquartered in Penang, Malaysia, and registered in Singapore. The platform aims to promote Malaysian industries and handicrafts globally, offering a wide range of products including fashion, electronics, home appliances, and groceries. Merchants benefit from zero registration fees, low transaction fees, free marketing campaigns, and continuous educational support⁴⁴³.

In its early years, PG Mall experienced significant growth. By 2019, it ranked as the fifth most visited online marketplace in Malaysia, with approximately ~876,100 monthly site visits. This achievement was attributed to its unique ‘ConsuMerchant’ model, which incentivised shoppers to promote products, thereby expanding its merchant and customer base⁴⁴⁴.

In 2021, PGMall partnered with JD.com, a leading Chinese e-commerce platform, to launch the ‘Sell to China’ programme. This initiative aimed to

⁴⁴² Pandaily (2023). Temu’s next-gen manufacturing seeks to drive down prices for consumers by reducing waste. <https://www.charlotteobserver.com/contributor-content/article273704075.html>

⁴⁴³ PG Mall (2025). About PG Mall. <https://pgmall.my/about-us.html>

⁴⁴⁴ Marketing Magazine (2019). PG Mall, no 5 most visited online marketplace in M’sia. <https://marketingmagazine.com.my/pg-mall-no-5-most-visited-online-marketplace-in-msia/>

assist Malaysian SMEs in accessing the Chinese market, providing support in areas such as brand registration, marketing, and customer services⁴⁴⁵.

However, recent observations indicate a decline in PGMall's activity (from 871 k in 2019 to 375 k in 2024 in monthly site visits). Potential factors could include increased competition from other e-commerce platforms (e.g., Shopee, Lazada, etc.), shifts in consumer preferences, or operational challenges.

Other platforms in niche markets include:

(f) Zalora

Launched in 2012, Zalora offers a range of fashion brands, including both international labels and local designers. In Malaysia, the platform focuses on user experience with features like easy navigation, personalised recommendations, and a mobile app. It also emphasises fast delivery and straightforward return policies. Zalora employs marketing strategies, such as collaborations with local influencers and seasonal sales events, to increase traffic and sales.

(g) Shein

Shein is a Chinese online fashion retailer that primarily targets young, fashion-forward consumers. The platform offers clothing and accessories, using social media and influencer marketing to reach its audience. Moreover, the platform operates with a direct-to-consumer model, updating its inventory with new designs based on fashion trends. In 2023, Shein's revenue in Malaysia was reported to be USD 39.1 million⁴⁴⁶.

(h) Taobao











Taobao, operated by Alibaba Group, serves Malaysian consumers via a localised cross-border platform with currency conversion, language

⁴⁴⁵ OH Bulan (2021). PGMall bantu peniaga tempatan kembangkan pasaran jualan ke China. <https://ohbulan.com/pgmall-bantu-peniaga-tempatan-kembangkan-pasaran-jualan-ke-china/>

⁴⁴⁶ ECDB. Top ecommerce stores in the Malaysian fashion market. <https://ecommercedb.com/ranking/stores/my/fashion>

translation, and international fulfilment. The marketplace offers a vast range of low-cost products, often factory-direct and made in China. It attracts price-sensitive shoppers and small businesses sourcing in bulk. Free shipping promotions above a certain spend threshold further incentivise larger orders. While delivery may take up to a week, Taobao remains popular for its affordability, variety, and strong social media-driven haul culture.

Table 32: Comparison of Malaysia's top e-commerce marketplace players, 2024⁴⁴⁷

		Monthly app download ^{1) 2)}	Monthly website visits ²⁾	Incorporated in Malaysia	Key strategy	Degree of integration
B2C (focus of the market review)	 Shopee	629 k+	37 m+	No	Hyperlocalisation & integrated relevant services	High - own payment and logistics services available
	 Lazada	390 k+	7 m+	No	Emphasises user experience	High - own payment and logistics services available
	 TikTok Shop	48 k+	MY data n/a	No	Leverages social media platform for unique experience	Low - no own payment and logistics services
	 Temu	MY data n/a	MY data n/a	No	Focuses on low-cost goods	Low - no own payment and logistics services
	 Zalora	34 k+	664 k+	No	Niche marketplace focuses on fashion-related items	Moderate - Has own regional e-fulfilment centre
	 Shein	267 k+	176 k+	No	Fast-fashion with rapid inventory turnover	Low - no own payment and logistics services
	 PGMALL	8.1 k+	375 k+	Yes	Promotes local Malaysian products globally	Low - no own payment and logistics services
C2C	 Taobao	89.6 k+	3.01 m+	Yes	Promotes China-based wide product assortment at low-cost	Low - no own payment and logistics services
	 Mudah	144 k+	5.7 m+	Yes	C2C platforms allows users to buy and sell locally	Low - no own payment and logistics services
	 Carousell	95 k+	3 m+	No	C2C platform emphasises on a streamlined user experience	Low - no own payment and logistics services

1) Only downloads from Google Play Store is included 2) Data is derived from research on stores' websites

Source: MyCC analysis

5.1.9.3 Key logistics players⁴⁴⁸

Malaysia's e-commerce ecosystem is underpinned by a range of logistics service providers that handle parcel pick-up, sorting, and last-mile delivery for marketplaces, merchants, and consumers. Several players have emerged as core players in this landscape, either through dedicated in-house operations or as independent third-party courier services.

⁴⁴⁷ MyCC analysis.

⁴⁴⁸ Source: This market player identification is based on confidential information obtained from J&T and DHL, as well as in-depth discussions (IDI) with Ninja Van and Pos Malaysia.

(a) Shopee Express (SPX)

Shopee's in-house delivery arm, created to enhance control over delivery reliability and service speed for orders placed on its platform. SPX manages first-mile pick-up, sorting, and last-mile delivery, supported by an expanding network of sorting centres and delivery stations across Malaysia. This integration allows Shopee to streamline the buyer and merchant experience, particularly for high-volume sales campaigns, while still leveraging third-party couriers for additional capacity or remote areas.

(b) Lazada Express (LEX)

Lazada's proprietary logistics network, developed to support end-to-end delivery for transactions on its platform. LEX oversees parcel collection, warehousing, sorting, and last-mile delivery, operating through a combination of dedicated delivery hubs and its own fleet. This in-house model allows Lazada to maintain direct control over delivery standards, turnaround times, and customer service. While its primary focus is fulfilling Lazada orders, LEX also collaborates with external couriers.

(c) J&T Express

Third-party express delivery company with extensive operations in Malaysia. Since its entry in 2018, it has built a nationwide network of sorting centres and delivery fleets. J&T serves multiple marketplaces including Shopee and Lazada, as well as individual online sellers and SMEs.

(d) Ninja Van

Operates as a multi-platform logistics service provider, serving e-commerce platforms, individual merchants, and direct-to-consumer businesses. It manages parcel collection, sorting, and last-mile delivery, complemented by services like cash-on-delivery and parcel lockers.

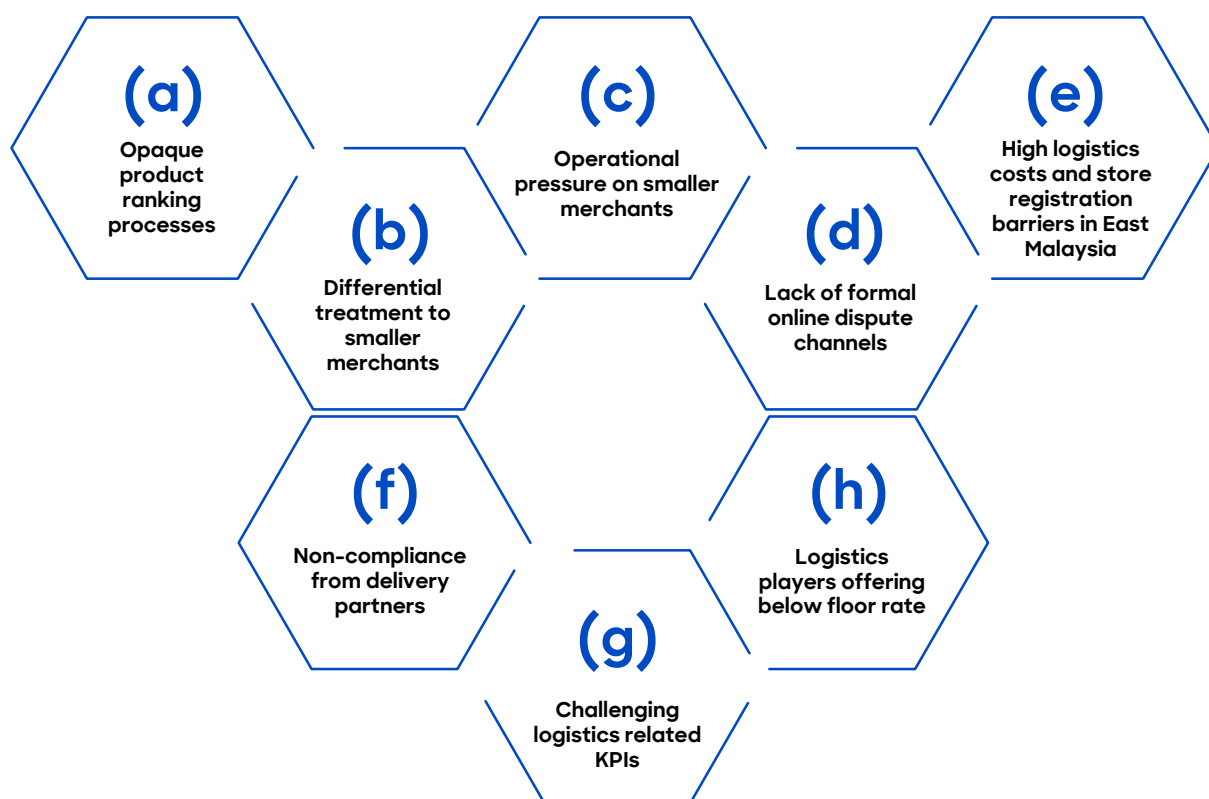
(e) Flash Express

Originally from Thailand, it entered the Malaysian market in year 2021. It provides nationwide parcel pick-up, sorting, and last-mile delivery services. It positions itself as a scalable alternative to established players, targeting

merchants across different platforms. Currently serves as one of TikTok Shop's logistics partners.

5.1.10 Key market-related issues

Figure 79: Summary of key market-related issues



Source: MyCC analysis

- (a) **Opaque product ranking processes:** Ranking algorithms typically consider factors such as price, sales performance, customer reviews, advertising spend, keyword relevance, checkout rates, fulfilment performance, and other platform-specific metrics. However, the exact weighting and mechanics behind some marketplaces remain undisclosed to external stakeholders. As a result, merchants, brands, and even regulators operate under significant informational asymmetry, with limited ability to understand or influence how their products are ranked on the platform.
- (b) **Differential treatment to smaller merchants:** Smaller merchants face differential treatment, as marketplaces may prioritise larger merchants who drive greater financial returns for the platform. Preferential treatments given to large merchants include lower

commission rates, enhanced visibility in search results, dedicated account management service, longer lead times for policy changes and price protection with subsidies.

- (c) **Operational pressure on smaller merchants:** Marketplaces often impose stringent delivery requirements on merchants, such as faster shipping times, mandatory participation in same-day or next-day delivery services, and adherence to strict packaging and handling standards. This is done as part of their consumer-centric strategy, with the goal to enhance customer satisfaction and meet rising consumer expectations for quick and reliable delivery.

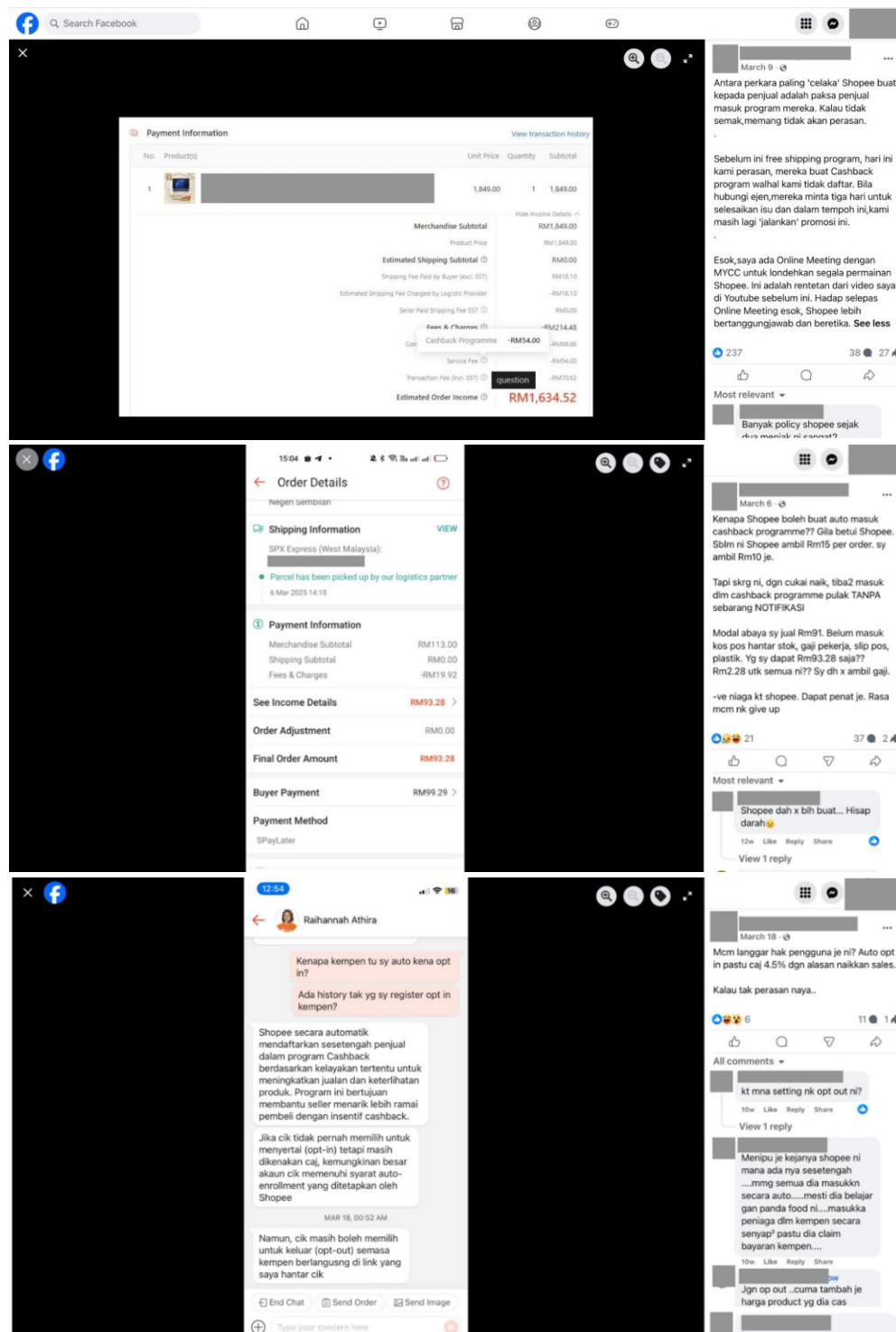
The timeframes for implementing these changes are often short, with merchants given as little as one month or less to comply. This places considerable pressure on them, who must not only meet evolving consumer demands but also adhere to strict performance metrics imposed by the platforms to maintain visibility and competitiveness. As a result, merchants often face rising operational costs due to these new requirements. These impacts may include, but are not limited to additional manpower recruitment, manpower training and packaging fees on returned orders.

Moreover, merchants are required to constantly monitor platforms due to auto-enrolment in programmes by default, with limited time or clarity to opt out. This would result merchants to bear higher commission rates, increasing operational burden.

- (d) **Lack of formal online dispute channels:** Merchants operating on major e-commerce marketplaces face challenges in lodging complaints due to the absence of formal regulatory mechanisms. There are no dedicated public channels or governing frameworks to facilitate dispute resolution between merchants and platform operators, leaving merchants vulnerable to unilateral platform practices. In response, merchants often resort to airing their frustrations in informal channels, such as merchant-focused

social media groups, as a last-resort method to gather public attention and community support.

Figure 80: Complaints of Shopee's auto-enrolment of merchants to programmes



Source: Facebook seller group

- (e) **High logistics costs and store registration barriers in East Malaysia:** For businesses in East Malaysia, particularly in Sabah and Sarawak, store registration may be challenging due to the absence of an SSM-issued business registration certificate. Instead, business registration certificates or trading licenses are issued by the LHDN or local authorities. These certificates are applied manually, and overall processing time is typically longer. Selected merchants highlighted that marketplaces are often unaware of these distinctions and may reject their registration application if they lack an SSM certificate.
- Additionally, East Malaysian merchants face logistical challenges, particularly when competing with West Malaysian sellers who benefit from more established logistics networks and lower shipping costs.
- (f) **Non-compliance from delivery partners:** Merchants are required to ship certain products the next day under the next-day delivery policy. However, in some cases, delivery partners delay the scanning or receipt of parcels to avoid being held accountable for late shipments. As a result, merchants may be incorrectly flagged as non-compliant, when in reality the delay is due to the actions of the delivery partners, not the merchants themselves.
- (g) **Challenging logistics related KPIs:** Marketplaces set challenging key performance index (KPIs) for their logistics and delivery partners. However, as the allocation of parcels is controlled by the marketplaces, partners may fail to meet targets depending on the parcels they are assigned.
- (h) **Logistics players offering below floor rate:** Several logistics players, particularly new entrants aiming to capture market share, have been offering services at rates significantly below market average. In response to this trend, MCMC introduced a recommended floor rate for last-mile delivery services. However, as the rate is non-mandatory, adherence remains limited across the industry. This has resulted in persistent price undercutting, which disproportionately affects smaller and local logistics

providers that operate on thinner margins and lack the capital or infrastructure scale of larger players. The inability to compete on price further constrains their viability and long-term participation within the industry.

5.1.11 Competition assessment

5.1.11.1 Market concentration

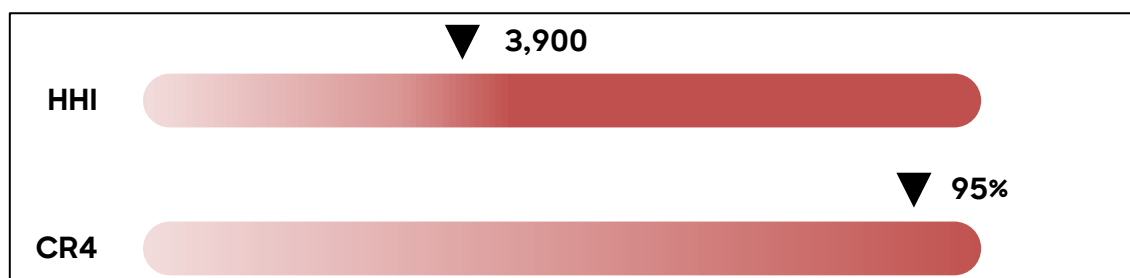
The Malaysian e-commerce marketplace sector is led by Shopee, TikTok Shop, and Lazada, collectively possessing 90-95% of the market share as of 2024. As per input from IDI and FGD participants, market report and estimation, Shopee holds the largest GMV share (55-65%), followed by TikTok Shop (20-35%) and Lazada (10-20%).

Market concentration was further analysed using the Herfindahl-Hirschman index (HHI)⁴⁴⁹ and Concentration Ratio (CR4)⁴⁵⁰:

⁴⁴⁹ Commonly used measure of market concentration and competition among companies in a sector. It assesses how much market share is controlled by the key companies. It can be calculated by adding the squares of the market share percentages of all the companies in the market.

⁴⁵⁰ Another common measure of market concentration that focuses on the largest companies in a sector. It shows how much of the market is controlled by the top four companies. It can be calculated by adding the market share percentages of the four largest companies in the market.

Table 33: Market concentration level in the e-commerce (retail marketplace) sub-sector



Legend⁴⁵¹

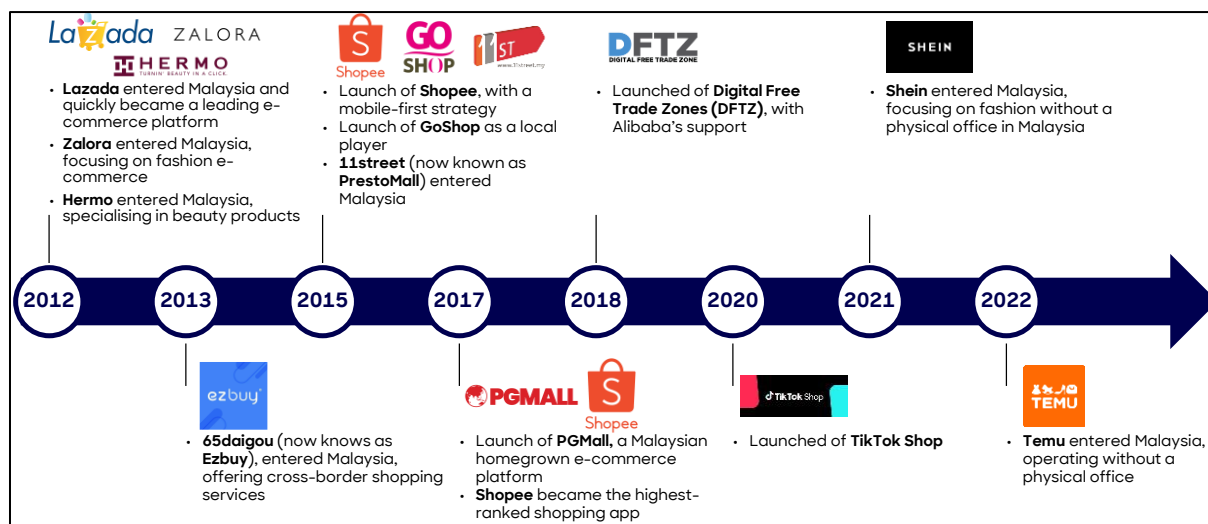
High concentration	<div></div>
Low concentration	<div></div>
No concentration	<div></div>

Source: MyCC analysis

⁴⁵¹ HHI legend: < 100 = no concentration, 100-1,500 = low concentration, 1,500-2,500 = medium concentration and > 2,500 = high concentration; CR4 legend: 0% = no concentration, 1-49% = low concentration, 50% = oligopoly, 51-99% = high concentration, 100% = monopoly

5.1.11.2 Market dynamics

Figure 81: Selected e-commerce (retail marketplace) milestone in Malaysia⁴⁵²



Source: MyCC analysis

Malaysia's e-commerce market is characterised as highly dynamic. The industry is constantly evolving, driven by rapid platform evolution, changing consumer behaviour and continuous regulatory interventions. Platform turnover can be seen with new entrants displacing incumbents as consumer preferences and digital engagement patterns change over time.

E-commerce in Malaysia gained traction between 2008 and 2011, driven by the increased availability of internet services and the growing use of computers in households and offices. Early C2C platforms such as eBay and Lelong became popular, offering individuals a convenient way to sell products, with payment methods such as COD supplementing the experience. During these early years, local online boutiques such as Fashion Valet were also launched.

From 2012 to 2014, players such as Lazada, Zalora, Hermo, and 65daigou (now Ezbuy) entered the market. Lazada quickly rose to prominence and became a key e-commerce platform, quickly surpassing incumbents such as eBay and Lelong.

⁴⁵² MyCC analysis.

From 2015 to 2017, with the help of the Malaysian government's NESR, new players like GoShop, 11street (now PrestoMall), and Shopee entered the market. Shopee quickly emerged as Lazada's closest competitor due to its mobile-first strategy, capitalising on Malaysia's high mobile penetration rate. By 2017, Shopee had become the highest ranked shopping app on iOS and Google Play Store while Lazada maintained the highest online traffic on desktop.

From 2018 onwards the government continued supporting e-commerce through Digital Free Trade Zones (DFTZ) with support from Alibaba group and continued support for SMEs to market their products globally⁴⁵³. The COVID years from 2020 to 2022 further shaped the e-commerce landscape due to Malaysia's MCO. This allowed Shopee and Lazada to further cement themselves as the most popular platforms whilst adjacent players from social media space such as TikTok and Meta are also starting to integrate into this sector through the "social commerce" phenomenon.

Some of the marketplaces have adopted a hyper-localisation strategy to better adapt to the unique environment of the country. Hyper-localisation refers to the practice of adapting products, services, and marketing efforts to meet the specific needs and preferences of a local market. In Malaysia, this strategy has been implemented by various e-commerce platforms like Shopee and TikTok Shop. For instance, Shopee focused on connecting rural sellers with urban buyers by improving logistics and delivery times⁴⁵⁴. Moreover, TikTok Shop has empowered local MSMEs by offering a platform for them to showcase products through engaging content (e.g., videos, live streaming, etc.)⁴⁵⁵. On the other hand, selected players such as Shein and Temu, still operating in Malaysia without maintaining a physical office there.

Malaysia's B2C sector can be divided into two segments - general and niche marketplaces. Shopee, TikTok Shop and Lazada are the most popular general marketplaces, offering a wide range of products from

⁴⁵³ Techwire Asia (2018). The history of e-commerce in Malaysia. <https://techwireasia.com/2018/07/the-history-of-e-commerce-in-malaysia/>

⁴⁵⁴ MooMoo (2024). Shopee bridges gap for rural sellers in Malaysia's e-commerce boom. https://www.moomoo.com/news/post/44302817/shopee-bridges-gap-for-rural-sellers-in-malaysia-s-e?level=1&data_ticket=1737024637230872

⁴⁵⁵ The Star (2024). Redefining shopping: Three key highlights from TikTok Shop Summit. <https://www.thestar.com.my/starpics/2024/09/27/redefining-shopping-three-key-highlights-from-tiktok-shop-summit?>

furniture to stationery. There are also a handful of smaller locally founded marketplaces such as PGMall and Youbeli. In contrast, niche marketplaces like Shein and Zalora focus exclusively on specific products, i.e., fashion-related items.

5.1.11.3 Degree of horizontal and vertical integration

Vertical and horizontal integration in Malaysia's e-commerce (retail marketplace) sub-sector are present in several forms, primarily among major platforms seeking to enhance operational efficiencies and expand service offerings.

Key examples of vertical integration can be observed with Shopee and Lazada, both of which have established their own logistics arms, SPX and LEX, respectively. This strategic move allows them to reduce reliance on third-party providers, enhancing their control over the supply chain and improving delivery efficiency.

An emerging form of vertical integration is marketplace-owned enabler service. For Shopee, its Fulfilled by Shopee (FBS) solution is positioned as an e-commerce enabler for merchants. Through FBS, it offers warehousing, inventory management, order packing, shipping, and returns handling under its own infrastructure⁴⁵⁶. This not only optimises operational efficiencies for merchants (particularly those lacking in-house logistics capabilities), but also deepens merchant reliance on Shopee's ecosystem.

Horizontal integration in Malaysia's e-commerce (retail marketplace) sub-sector is also evident, albeit limited. An example is Alibaba's acquisition of Lazada in 2016, which marked a pivotal step for the company. This acquisition allowed Alibaba to strengthen its presence in Southeast Asia while enhancing Lazada's technological, financial, and operational capabilities. The move not only facilitated Alibaba's expansion but also positioned Lazada to better serve the growing market in the region.

⁴⁵⁶ Shopee (2025). Introduction to Fulfilled by Shopee (FBS). <https://statics.teams.cdn.office.net/evergreen-assets/safelinks/1/atp-safelinks.html>

5.1.11.4 Level of entry barriers

The sub-sector exhibits substantial barriers to entry and expansion. While new platforms can technically enter the market, they face significant challenges in achieving scale and sustaining competitiveness due to high capital requirements, complex operational demands, entrenched network effects, and intense competition from established players. The top three players Shopee, TikTok Shop, and Lazada collectively control 90-95% of the market, which can create challenges for newcomers in attracting both merchants and consumers. Established players benefit from strong network effects, where a larger merchant base attracts more buyers, and vice versa, making it hard for new entrants to scale both supply and demand simultaneously.

Additionally, incumbents have integrated logistics networks such as Shopee Express (SPX) and Lazada Express (LEX), allowing them to offer faster, more cost-effective delivery, whereas new entrants must rely on third-party logistics providers, leading to higher costs and longer delivery times.

Platforms like Temu and Shein, which have recently entered the Malaysian market, have attempted to overcome these barriers through heavy advertising and aggressive pricing strategies, but their lack of localised fulfilment networks and reliance on international shipping may have resulted in longer delivery times and potential customs delays, limiting their ability to compete effectively.

Despite existing market barriers, entry into the e-commerce sector appears attainable. This was evident when Shopee entered the market in 2015 with its mobile-first approach, effectively challenging Lazada's dominance. Shopee overtook Lazada by executing a differentiated strategy centred on hyperlocalisation, promotional investments, and a mobile-first, user-friendly platform. Simultaneously, Shopee launched marketing campaigns leveraging local and international celebrities and influencers to drive adoption⁴⁵⁷.

⁴⁵⁷ Xurpas Enterprise (2022). How did Shopee overthrow Lazada in SEA's e-commerce run? <https://xurpasenterprise.com/how-did-shopee-overthrow-lazada-in-seas-e->

Addition to that, many players also attempted to gain market share through tactics such as heavy advertising, subsidising delivery fees, offering promotional coupons, to name a few. In 2022, another shift occurred with the rise of social commerce, led by TikTok Shop. These developments indicate that even though the top players have a significant share, the market is not entirely locked in, and selected companies can still enter and compete. However, such market entries appear increasingly dependent on significant financial backing as it requires intensive capital to enter and sustain within the industry.

TikTok Shop, for instance, is an anomaly as its growth in e-commerce was due to their existing scale as a major social media platform, allowing it to cross-sell commerce features to a huge base of existing users and creators. Its market entry into e-commerce was not organic but accelerated by the ecosystem advantages, a pathway that would not easily be accessible to most new entrants.

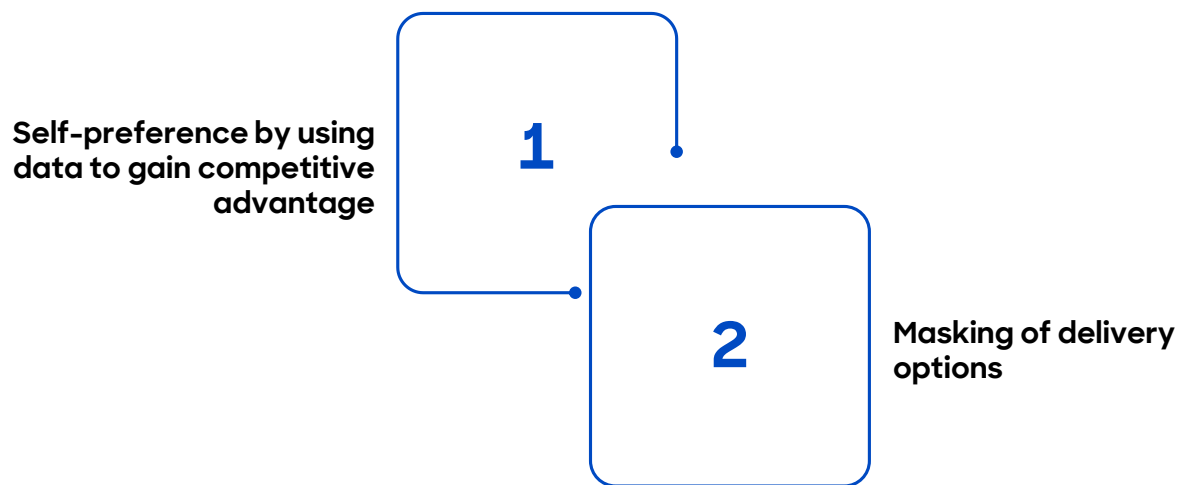
For smaller, local platforms, entry barriers are substantially higher. Without the brand recognition, capital backing, or built-in user base enjoyed by large global players, these platforms often struggle to attract merchants, generate traffic, and subsidise logistics or customer acquisition. While many Malaysian e-commerce platforms have tried competing within this space, many have failed and not being able to sustain in the long run, as highlighted by MDEC⁴⁵⁸.

commerce-run/ ; TechWire Asia (2021). Did Lazada lose out to Shopee in SEA's e-commerce race? <https://techwireasia.com/2021/04/did-lazada-lose-out-to-shopee-in-seas-e-commerce-race/>

⁴⁵⁸ Input from IDI.

5.1.12 Key anti-competitive issues

Figure 82: Summary of key anti-competitive issues



Source: MyCC analysis

5.1.12.1 Self-preference by using data to gain competitive advantage

Description: As suggested by some third-party merchants, dominant e-commerce platforms may have the ability to utilize their extensive demographic, sociographic, and psychographic data. This data asymmetry has raised concerns among third-party merchants regarding the potential for self-preferencing practices, where platforms may leverage proprietary insights to advantage their own stores or selected brand partners.

- **Shopee:** Shopee Choice Local, Shopee Choice Global, Shopee Supermarket,
- **Lazada:** Lazada Groceries

Merchants raised concerns that this data imbalance may distort fair competition, especially if the platform uses internal insights such as trending products, pricing strategies, or consumer preferences to inform the operations of its owned brands or partner sellers, who may then be more effectively positioned within the marketplace. Furthermore, merchants have also expressed concern that platform-owned or affiliated stores may receive preferential treatment within the marketplace

ecosystem where they could receive priority placements compared to third-party sellers. Merchant survey findings show that 41% of respondents believe that related or similar marketplace-operated stores have created direct competition to their own business, while 20% do not share this view and 38% are unsure⁴⁵⁹.

According to the key marketplaces:

- Lazada: It only utilises data not for revenue generation but solely to identify trends, create customised advertisements, and guide merchants on popular products⁴⁶⁰.
- Shopee: Data collected are not disclosed to external parties, except to facilitate government-related investigations. Internally, data is used for managing product advertising, campaigns, and enforcing listing standards for sellers, including guidelines for product photography and descriptions⁴⁶¹.
- TikTok Shop: Does not operate any private label or platform-owned retail stores in Malaysia and therefore does not engage in nor is structurally capable of self-preferencing practices⁴⁶².

Implication on competition:

- **Inequality in the playing field** as marketplace-operated stores may have advantage over third parties, due to access to collected data

Relevant case(s): In 2020, the European Commission sent statement of objections to Amazon for the use of non-public independent seller data on its marketplace to benefit its own retail business. It claimed that Amazon was engaging in preferential treatment of its own retail offers and those of sellers using its logistics services, particularly through the selection of “buy box” and access to Prime users. These actions raised significant

⁴⁵⁹ MyCC’s survey.

⁴⁶⁰ Written input from industry players.

⁴⁶¹ Written input from industry players.

⁴⁶² Written input from industry players.

competition concerns, as they highlighted Amazon's ability to leverage seller data and platform to distort competition⁴⁶³.

Also, in 2021, Amazon was accused of aggressively promoting its private label brands, such as AmazonBasics and Happy Belly⁴⁶⁴. These products often receive preferential placement on the site e.g., being featured at the top of search results or in prominent positions on product detail pages thereby diminishing competitive opportunities for independent merchants who struggle to achieve similar visibility. Additionally, in 2023, Amazon allegedly enforces anti-discounting measures that punish sellers who offer lower prices on other platforms. If Amazon detects a seller providing a better deal elsewhere, it can bury their listings deep in search results, making them effectively invisible to shoppers. This practice not only reduces price competition across the internet but also keeps overall prices higher, further reinforcing Amazon's market dominance and stifle market competition⁴⁶⁵.

Separately in 2022, Poland's anti-monopoly office (Polish Competition Authority (UOKiK)) issued a total of EUR 44.8 million on Allegro, an e-commerce platform, over concerns related to self-preferencing via exploiting its own data⁴⁶⁶. According to the investigation, Allegro began favouring its own retail operations in May 2015, utilising information not available to other traders, such as search algorithms and buyer behaviour data, to enhance the visibility of its own offers in search results. This practice creates an uneven playing field for competitors.

On data protection, in 2020, Lazada's grocery delivery service, RedMart, was fined SGD 72,000 by the Personal Data Protection Commission for

⁴⁶³ European Commission (2020). Antitrust: Commission sends Statement of Objections to Amazon for the use of non-public independent seller data and opens second investigation into its e-commerce business practices. https://ec.europa.eu/commission/presscorner/detail/en/ip_20_2077

⁴⁶⁴ Reuters (2021). Amazon copied products and rigged search results to promote its own brands, documents show. <https://www.reuters.com/legal/litigation/amazon-copied-products-rigged-search-results-promote-its-own-brands-documents-2021-10-13/>

⁴⁶⁵ Federal Trade Commission (2023). FTC sues Amazon for illegally maintaining monopoly power. <https://www.ftc.gov/news-events/news/press-releases/2023/09/ftc-sues-amazon-illegally-maintaining-monopoly-power>

⁴⁶⁶ Reuters (2022). Allegro.eu's Polish unit fined \$48 mln for violation of competition rules. <https://www.reuters.com/business/retail-consumer/allegroeu-polish-unit-fined-violation-competition-rules-2022-12-29/>

failing to implement reasonable security measures to protect user data. Information from 1.1 million user accounts was found for sale on an online forum, comprising names, passwords, phone numbers and partial credit card numbers⁴⁶⁷. Similarly, in May 2023, Taiwan's Ministry of Digital Affairs fined Shopee USD 6,500 for failing to protect its customers' personal data. This fine followed an investigation that highlighted gaps in Shopee's data privacy practices, along with instructions for corrective actions that were not addressed⁴⁶⁸.

Observations in Malaysia: Engagement with selected merchants indicated that, while some practices are not openly disclosed, price adjustments by marketplaces are noticeable. For example, when a large hypermarket changes its prices on its marketplace store, the marketplace's own stores are reportedly seen adjusting their prices accordingly. Merchants suggest that marketplaces may leverage their position to access competitors' store data, such as product sales volume, conversion rates, customer demographics, and behavior, to gain a competitive advantage.

5.1.12.2 Masking of delivery options

Description: This practice involves marketplaces selectively displays or prioritises certain deliver options over others, effectively restricting consumers from selecting their preferred delivery methods or couriers. This operational model is used by the three dominant platforms in Malaysia which are Shopee, Lazada, and TikTok Shop, albeit with different implementation contexts and justifications.

- Shopee initially allowed consumers to manually select their couriers but transitioned in 2021 to an algorithm-based allocation model to manage parcel distribution. This shift was said to be done to improve delivery efficiency and reduce delays, especially during peak periods.
- Lazada has used algorithmic delivery allocation since market entry, positioning it as a way to streamline last-mile delivery.

⁴⁶⁷ The Straits Times (2020). Personal data of 1.1 million RedMart user accounts stolen in Lazada breach and put up for sale. <https://www.straitstimes.com/tech/personal-information-of-11-million-redmart-users-stolen-in-lazada-data-breach>

⁴⁶⁸ Taipei Times (2023). Ministry of Digital Affairs fines Eslite bookstore, Shopee. <https://www.taipeitimes.com/News/taiwan/archives/2023/06/04/2003800948>

- TikTok Shop has similarly implemented a platform-managed delivery model since its inception. However, unlike Shopee and Lazada, it does not operate its own in-house logistics service and instead partners with third-party providers.

Different perspectives on this practice highlight the complexities of delivery masking:

- **Marketplaces:** Positioned delivery masking as a way to enhance the consumer experience by streamlining logistics and improving delivery efficiency through data-driven performance monitoring.
- **Merchants:** Selected merchants prefer the option to choose their preferred logistics provider, often based on factors such as proximity to their shop. This allows for easier parcel management, and in case of delays, they can visit the provider's location to drop off parcels. Additionally, some merchants are less concerned with the choice of provider, as long as the provider arrives within the specified timeframe to pick up the parcels and ensures timely delivery to customers.
- **Delivery partners:** Despite understanding the objective of delivery masking by marketplaces, some providers still prefer that the marketplace's user interface include options for consumers to choose their preferred logistics partner. There are also selected providers who view this practice as potential preferential treatment to larger or selected players, which could undermine fair competition.
- **Consumers:** Generally indifferent as long as the ordered product arrives within the expected timeframe (or sooner) and in good condition. As long as these expectations are met, consumers are typically less concerned with the specific logistics arrangements or the option to choose their logistics provider.

Additionally, the growing presence of integrated logistics services, such as SPX (Shopee's logistics arm) and LEX (Lazada's logistics arm), has raised concerns of potential self-preferencing. Even though algorithms are in

place that consider coverage, price, and service quality, these logistics arms are perceived as giving preferential treatment to their own platforms' orders, creating an imbalance in competition. In response, Shopee explained that its logistics arm functions as an independent entity with a separate management team, and as a result, its various subsidiaries fall under different regulatory jurisdictions due to distinct licensing requirements. Lazada's LEX not only manages Lazada deliveries but also handles deliveries for other clients outside of Lazada⁴⁶⁹.

The issue is further compounded by regulatory overlap, where jurisdictional boundaries between authorities remain unclear. MyCC is responsible for general competition matters, while MCMC oversees competition within the logistics sector. This division persists even though marketplace platforms and their integrated logistics arms often operate as a single economic entity, making it difficult to apply consistent regulatory oversight.

Implication on competition:

- **Reduced consumer choice** among delivery providers, as consumers are unable to freely select their preferred couriers or delivery methods.
- **Exclusion of smaller or independent logistics companies** from key e-commerce platforms may occur due to their overall lower capabilities, as algorithms tend to favour stronger performing players.
- **Unfair advantage to in-house logistics** could harm competition, as platforms may prioritise their own logistics services over third-party providers.

Relevant case(s): In Indonesia, the Indonesia Competition Commission (ICC) raised concerns over Shopee and its delivery arm, SPX, accusing them of abusing market dominance and violating competition laws⁴⁷⁰. The

⁴⁶⁹ Written input from industry players.

⁴⁷⁰ The Straits Times (2024). Shopee to make service changes in Indonesia after antitrust violation. <https://www.straitstimes.com/business/indonesia-says-shopee-admits-to-violating-monopoly-rule-for-its-courier-service>

central issue involves Shopee's algorithms, which allegedly favour SPX over other courier services, thereby creating an unfair competitive advantage. The automatic activation of SPX and J&T Express for merchants, while excluding other delivery companies from pre-selection, exacerbates these concerns and raises questions about market fairness.

In response to these allegations, Shopee signed an integrity pact with the ICC, committing to implement behavioural changes to address its alleged monopolistic practices. As part of this commitment, Shopee proposed modifications to its user interface to enhance services and ensure that its practices align with regulatory requirements. These changes are intended to create a more level playing field for all logistics providers and improve services for users.

Separately, in 2021, Thailand's Office of the Trade Competition Commission (OTCC) raised concerns about Shopee's practice of not allowing customers to choose their preferred delivery services. The OTCC argued that this could violate the Trade Competition Act. The commission also noted that this practice could negatively impact vendors' sales, as customers would no longer have the option to select their preferred couriers and might face higher delivery costs. Additionally, industry sources highlighted that by restricting delivery choices, Shopee could increase its revenue from couriers by selecting cheaper or smaller service providers, thus boosting its margins⁴⁷¹.

Furthermore, various Thai-merchants also lodged complaints with the OTCC, claiming that marketplaces forced them to use their in-house logistics services and subsequently raised logistics fees, further increasing operational costs for vendors⁴⁷².

Observations in Malaysia: In Malaysia, Shopee, Lazada, and TikTok Shop all employ delivery masking, though with key distinctions in execution. Shopee and Lazada both operate in-house logistics arms (SPX and LEX,

⁴⁷¹ Bangkok Post (2021). Trade watchdog eyes Shopee courier selection. <https://www.bangkokpost.com/business/general/2059399/trade-watchdog-eyes-shopee-courier-selection>

⁴⁷² Bangkok Post (2022). Firms file complaint over shady logistics. <https://www.bangkokpost.com/business/general/2345848/firms-file-complaint-over-shady-logistics>

respectively), which have been perceived by some stakeholders as enjoying preferential treatment. In response to this issue, Lazada introduced the MODA programme as a potential remedy, allowing merchants to offer their customers alternative logistics options alongside Lazada's default delivery service. As of December 2024, 12 merchants have signed up for the programme. In contrast, TikTok Shop asserts that its logistics approach is based on performance-driven collaboration with third-party providers.

5.1.13 Recommendations

This section is divided into two sections:

- **Targeted recommendations** that are specific to individual sub-sectors
- **General recommendations** that apply across all sub-sectors to address broader systemic issues

It is important to emphasise that these recommendations are presented solely for consideration during the market review stage. Prior to any implementation, a comprehensive assessment should be undertaken, grounded in relevant theories of harm, and with careful evaluation of potential impacts on innovation, competition, and investment.

This approach will help ensure that any policy responses are evidence-based, effectively address the concerns identified, and preserve the flexibility and dynamism essential to Malaysia's digital economy and its long-term competitiveness.

On implementation, due to the complex and multifaceted nature of the digital economy, a flexible and adaptive approach is essential. This means taking into account the cross-cutting characteristics of the digital sub-sectors involved, as well as the existing mandates of various ministries and government agencies.

To support smooth and coordinated execution, the proposed central digital economy body (see general recommendation 1) should take the lead. The central body will also play a key role in ensuring alignment across stakeholders without imposing additional governance burdens to various ministries and government agencies.

Targeted recommendations

Four targeted recommendations are proposed to address the competition, regulatory and market issues identified specifically within the e-commerce (retail marketplace) sub-sector.

1. Enhance operational transparency in marketplaces

Linkage to issue	<ul style="list-style-type: none">• Lack of e-commerce-specific legal provisions• Opaque product ranking processes• Differential treatment to smaller merchants• Operational pressure on smaller merchants• Lack of formal online dispute channels
Description	<ul style="list-style-type: none">• Amend the existing E-Commerce Act (as of August 2025, the amendment is still ongoing) to introduce new requirements for online marketplaces, with specific focus on:<ul style="list-style-type: none">◦ Platform responsibilities and governance◦ Fairness and transparency◦ Consumer protection and inclusion◦ Buyer and user responsibilities
Government stakeholders to be involved	<ul style="list-style-type: none">• KPDN
Time horizon	<ul style="list-style-type: none">• Medium-term (2-3 years)
Expected outcomes	<ul style="list-style-type: none">• Greater marketplace transparency and accountability, reducing information asymmetry between platforms and merchants• Fairer competitive environment for smaller merchants, mitigates operational pressure on smaller merchants and broadens participation• Enhanced consumer trust in online marketplaces by safeguarding consumers against fraud, unfair pricing, or misleading product information

	<ul style="list-style-type: none"> • Institutionalized online dispute resolution mechanisms, allowing merchants with efficient recourse, improving regulatory enforcement and market efficiency
Case study	Indonesia ⁴⁷³ : In 2023, Indonesia's Ministry of Trade amended existing e-commerce regulatory framework through Minister of Trade Regulation No. 31 of 2023, replacing Regulation No. 50 of 2020 to explicitly define and regulate online marketplace and social commerce platforms, introducing clearer governance obligations, transparency requirements, and protections for small businesses.

⁴⁷³ Menteri Perdagangan Republik Indonesia (2023). Regulation of the Minister of Trade of the Republic of Indonesia No. 31 of 2023 on Business Licensing, Advertising, Development, and Oversight of Business Actors in Electronic System Trade. <https://jdih.kemendag.go.id/pdf/Regulasi/2023/Salinan%20Permendag%2031%20Tahun%202023%20-%20PMSE-lengkap.pdf>

2. Improve data access to merchants

Linkage to issue	<ul style="list-style-type: none"> • Self-preference by using data to gain competitive advantage
Description	<ul style="list-style-type: none"> • Encourage platforms to provide merchants with greater access to relevant data, enhancing transparency and enabling informed decision-making. Key activities that platforms can undertake include: <ul style="list-style-type: none"> ◦ Periodic publication of segment-specific trends, highlighting insights such as sales patterns, consumer behaviour shifts, popular product categories, seasonal demand fluctuations, and emerging keywords. ◦ Commercialisation of data by allowing merchants to purchase more detailed, granular data sets tailored to their products or market segments. This creates a new revenue stream for marketplaces while providing merchants with deeper insights to refine targeting, inventory, and promotional efforts. • As part of its safeguard measure, marketplaces can establish comprehensive terms governing the use of shared data to protect their proprietary interests.
Government stakeholders to be involved	<ul style="list-style-type: none"> • KPDN • JPDP • MDEC • MyCC
Time horizon	<ul style="list-style-type: none"> • Short-term (1 year)
Expected outcomes	<ul style="list-style-type: none"> • Enhanced digital capabilities among local sellers • Greater merchant autonomy and strategic planning

3. Transfer postal and courier-related competition oversight to MyCC

Linkage to issue	<ul style="list-style-type: none"> Masking of delivery options
Description	<ul style="list-style-type: none"> Transfer competition regulatory powers to the MyCC, including those currently held by MCMC over the postal and courier services industry under the Postal Services Act 2012. These reforms will form part of a broader effort to consolidate competition oversight under a single authority, as outlined in the general recommendation 2..
Government stakeholders to be involved	<ul style="list-style-type: none"> MyCC MCMC
Time horizon	<ul style="list-style-type: none"> Medium to long-term (2-5 years)
Expected outcomes	<ul style="list-style-type: none"> Clarifies institutional roles and reduces regulatory overlaps in competition enforcement. Enhances coordination and information-sharing among sectoral regulators.

4. Streamline registration process for Sabah & Sarawak-based merchants

Linkage to issue	<ul style="list-style-type: none"> High logistics costs and store registration barriers in East Malaysia
Description	<ul style="list-style-type: none"> Streamline SSM registration process for e-commerce merchants in Sabah and Sarawak through the introduction of a simplified licensing pathway tailored for rural and informal sellers To be done in collaboration with SSM, local PBTs and marketplaces; Integrate platform-based onboarding mechanisms, and deploy joint mobile outreach initiatives with relevant government agencies/ministries To also broaden the term of "enterprise" to include all merchant types, including individual merchants who currently do not need to register
Government stakeholders to be involved	<ul style="list-style-type: none"> SSM LHDN KPDN MECD MDEC Ministry of Digital Local PBTs
Time horizon	<ul style="list-style-type: none"> Medium-term (2-3 years)
Expected outcomes	<ul style="list-style-type: none"> Reduced administrative and compliance hurdles for rural merchants, easier process to formalize businesses Improved tax compliance and fiscal contribution from East Malaysia merchants new-entrance

General recommendations

General recommendations are proposed to complement the targeted recommendations and ensure a more coherent regulatory approach. Specifically, they are aimed at:

- **Addressing common structural issues across the sub-sectors:** Key competition concerns like opaque platform operations, data access asymmetries and market concentration are found across all four sub-sectors. As such, cross-cutting recommendations are needed to tackle these underlying challenges in a consistent and coordinated manner.
- **Preventing policy fragmentation:** While tailored, sector-specific recommendations are important for addressing unique or targeted challenges, they must be supported by an overarching regulatory framework to ensure coherence. General recommendations can serve as a unifying foundation, helping to align regulatory approaches across sub-sectors and ensuring that actions in one area reinforce, rather than contradict those in another.
- **Building internal capacity:** Effective regulation of the digital economy requires strong regulatory capacity, both in terms of technical expertise and coordination. Many of the issues raised demand collaboration across ministries, agencies, and even regional counterparts. General recommendations in this area focus on supporting capacity building, facilitating inter-agency coordination, and promoting knowledge sharing to strengthen oversight and regulatory responsiveness across the entire digital ecosystem.

Six general recommendations are proposed:

1. Appoint a central digital economy taskforce

Description	<ul style="list-style-type: none"> • Creation of permanent portfolio within an existing government agency or establish a specialised taskforce. • Taskforce to be made up of different Ministries and agencies, including: <ul style="list-style-type: none"> ◦ MyCC: Enforcement of competition law in digital markets, including extraterritorial conduct. ◦ JPDP: Oversight of personal data processing and cross-border data flows. ◦ MCMC: Regulation of digital platforms, content governance, and network services. ◦ MOTAC: Oversight of digital intermediaries in tourism, licensing of tourism operators. ◦ BNM: Regulation of digital payments, e-wallets, and financial technology. ◦ MOF: Fiscal policy, digital taxation, and cross-border digital trade. ◦ KPDN: E-commerce, consumer protections, digital marketplace conduct. ◦ Others: MITI, SME Corp, MDEC, LHDN. • Key responsibilities include: <ul style="list-style-type: none"> ◦ Oversee legislative coherence, and managing inter-agency regulatory alignment. ◦ Regularly assess regulatory gaps across areas such as competition, data protection, platform governance in the context of digital economy. ◦ Coordinate overlapping jurisdictions between agencies (e.g., MyCC, MCMC) ◦ Conduct periodic legal reviews (e.g., every 3 to 5 years), enabling timely updates to legislation and policies in response to evolving technologies and market dynamics.
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- Establish a digital platform ombudsman to support users and businesses by providing an independent point of contact (see below for more details)
- Develop a central digital economy information hub (see below for more details)
- Develop comprehensive guideline on the do's and don'ts for digital platform based on various benchmark countries; violation of guideline, especially on competition-related matters, can lead to potential investigation from MyCC (see below for more details)
- Develop and implement a regional-level digital economy legislative framework (see below for recommended framework).

Establish a digital platform ombudsman

- Established a neutral and accessible party, acting as an intermediary between consumers, businesses, and digital platform operators.
- Ombudsman may be created as a standalone institution, or hosted within existing agencies such as the MyCC or the Ministry of Digital.
- Serves as an alternative channel for redress, allowing businesses and consumers to seek assistance after all internal (within platforms) or ministry-level complaint mechanisms have been exhausted.
- Receives and addresses complaints related to digital platform practices, especially in areas involving unfair treatment, lack of transparency, or platform conduct.
- Provides dispute resolution services with methods such as mediation and conciliation, promoting faster outcomes.
- May be empowered to conduct market studies and issue observations on emerging trends, behaviours, or systemic issues in the digital market.

Central digital economy information hub

- Develop a one-stop central platform that consolidates key digital economy sub-sectors information, including but not limited to:
 - **Regulatory:** Up-to-date guidelines, licensing requirements, policy frameworks, and compliance obligations from relevant regulators
 - **Market:** Key statistics
 - **Consumer protection resources:** Explanations of consumer rights, platform obligations, dispute resolution procedures, and educational materials
 - **Access to official complaint channels:** Direct links and submission portals for lodging complaints to the relevant authorities, with guidance on which agency to approach based on the nature of the issue (e.g., content complaints to MCMC, anti-competitive behavior to MyCC, consumer disputes to KPND)
- Platform to serve as an information hub for businesses, consumers, and other relevant stakeholders

Develop comprehensive digital economy guideline:

- Establish a clear and sector-specific set of guidelines for key digital platforms operating
- Guidelines to provide clarity and predictability to digital platform operators, as well as encourage self-regulation
- Guidelines can serve as a precursor to a unified digital economy legislation, with key areas being:
 - **Platform definition**
 - **Fair business conduct rules:** Fair access, support equal treatment, encourage responsible use of data, allow flexible commercial terms
 - **User rights:** Provide users with freedom to choose and personalise, offer clear, user-friendly

policies, enable informed consent and control over personal data, ensure transparent pricing

- **Access and transparency requirements:** Transparency in pricing, fees and commissions, maintain fair and open processes
- Non-compliance with the guidelines may lead to regulatory review/action by the MyCC

Regional digital economy legislative framework:

- Establish a comprehensive and integrated regional (ASEAN)-level legal framework to govern the digital economy.
- Framework to apply to all digital economy players operating in ASEAN, regardless of physical presence, to ensure consistent and fair regulation.
- Framework to cover the key areas of:
 - **Platform definition:** Criteria that determine whether a digital platform falls within the scope of the regulatory framework.
 - **Fair business conduct rules:** Defined obligations and prohibited practices for regulated platforms, including self-preferencing, data access restrictions, user lock-in, limited user choice, lack of interoperability with third-party services,, restrictions on third-party competition and other anti-competitive behaviours.
 - **User rights:** Consumers' freedom of choice and information, including access to platform advertising processes, data portability, and the freedom to uninstall apps or change default settings.
 - **Access and transparency requirements:** Mandate that platforms provide clear and accessible information and hardware, such as ranking systems, fees, recommendation algorithms, infrastructure and data usage practices.
 - **Compliance and enforcement mechanisms:** Define the regulator's responsibilities, including

	<p>powers to conduct audits, monitor potential violations, and enforce compliance through appropriate legal measures.</p> <ul style="list-style-type: none"> • Framework to be anchored/aligned with existing legislations (e.g., Competition Act, PDPA, CMA, Companies Act). • Leverage MCMC's current licensing framework for social media and internet messaging services, the forthcoming amendments to the Electronic Commerce Act 2006, and the PDPA's Automated Decision Making and Profiling Guidelines as foundational elements for the proposed legislative framework.
Government stakeholders to be involved	<ul style="list-style-type: none"> • Ministry of Digital • MyCC • JPDP • MCMC • MOTAC • BNM • MOF • KPDN • MyDIGITAL • MITI • SME Corp • MDEC • LHDN
Time horizon	<ul style="list-style-type: none"> • Medium to long-term (2-5 years)
Expected outcomes	<ul style="list-style-type: none"> • Reduced regulatory fragmentation and jurisdictional confusion • Better alignment between digital economy strategy and regulation

Case study

U.K.⁴⁷⁴: The Digital Regulation Cooperation Forum (DRCF) was established in 2020 as a collaborative body bringing together the Information Commissioner's Office (ICO), the Competition and Markets Authority (CMA), Ofcom, and the Financial Conduct Authority (FCA). The DRCF was created to address the increasingly complex and cross-cutting nature of digital platform regulation, where issues of competition, data protection, online safety, and financial services oversight often intersect.

The forum's mandate includes aligning regulatory approaches, reducing duplication, and ensuring consistent oversight of digital platforms and services. It also leads joint projects and initiatives on emerging issues such as algorithmic auditing, online safety, and AI governance, while conducting horizon scanning to anticipate risks from new technologies.

By fostering regulatory coherence, the DRCF aims to prevent regulatory gaps or overlaps that could undermine enforcement or create uncertainty for market participants.

Japan⁴⁷⁵: In 2020, Japan enacted the Act on Improving Transparency and Fairness of Specified Digital Platforms (TFDPA), establishing a co-regulatory framework for large online platform operators such as app stores and e-commerce marketplaces. The Act requires designated providers to disclose their terms and conditions, develop procedures and systems to ensure fairness (including complaint and dispute handling), and submit annual reports on their business operations and self-evaluation to the Ministry of Economy, Trade and Industry (METI).

⁴⁷⁴ DRCF (2025). About the DRCF. <https://www.drcf.org.uk/about-us>

⁴⁷⁵ Ministry of Justice Japan (2020). Act on Improving Transparency and Fairness of Digital Platforms (Act No. 38 of 2020). <https://www.japaneselawtranslation.go.jp/ja/laws/view/4532/en>

Under this model, METI reviews and publishes evaluations of the annual reports, combining platform self-assessment with government oversight. By mandating disclosure and fair procedures, the Act seeks to reduce information asymmetry between dominant platforms and smaller businesses, while preventing unfair practices such as sudden changes to terms, opaque ranking mechanisms, or discriminatory treatment. The framework reflects Japan's approach of balancing innovation with accountability, ensuring that digital platform markets remain open, transparent, and competitive.

2. Consolidate competition oversight under a single authority

Description	<ul style="list-style-type: none"> • Clarify and delineate the regulatory boundaries between MyCC (competition regulation) and other sectoral regulators with competition mandates, in line with the anticipated consolidation of competition oversight under RMK-13 as outlined in Strategy A6.2: Strengthening the Competitive Ecosystem. • This includes coordination between MyCC, Malaysian Communications and Multimedia Commission (MCMC), Malaysian Aviation Commission (MAVCOM), and the Energy Commission (EC). The effort will require amendments to the Competition Act 2010 to incorporate existing competition-related provisions currently found in: <ul style="list-style-type: none"> ◦ the Communications and Multimedia Act 1998 and Postal Services Act 2012 (under MCMC), ◦ the Malaysian Aviation Commission Act 2015 (under MAVCOM), and ◦ the Energy Commission Act 2001 (under the EC). • These reforms will help eliminate jurisdictional overlaps and provide clearer regulatory authority, improving enforcement and addressing competition issues more effectively. • In the short-term, potential establishment of a structured coordination framework among relevant commissions (i.e., MyCC, MCMC, MAVCOM and EC) to facilitate information sharing and joint market intelligence.
Government stakeholders to be involved	<ul style="list-style-type: none"> • MyCC • MCMC • MAVCOM • EC
Time horizon	<ul style="list-style-type: none"> • Medium to long-term (2-5 years)

Expected outcomes	<ul style="list-style-type: none"> • Clarifies institutional roles and reduces regulatory overlaps in competition enforcement. • Enhances coordination and information-sharing among sectoral regulators.
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3. Strengthen government's revenue-generation mechanisms

Description	<ul style="list-style-type: none"> Enhance existing RMCD efforts in requiring foreign digital service providers to report Malaysia-sourced revenue (under the Service Tax on Digital Services – SToDS regime), verified using geo-location tools such as IP addresses, billing information, and user registration data. This can be complemented with the potential introduction of new legal/enforcement powers to block non-compliant digital platforms that fail to register or remit tax. Strengthen Malaysia's participation in the OECD BEPS Pillar One regime by introducing a new nexus rule that allows for the taxation of foreign digital businesses that operate outside Malaysia but serve Malaysian customers. Rule could apply only to large firms, with the threshold to be benchmarked against (as a reference point) existing Application Service Provider (ASP) licensing criteria set by MCMC.
Government stakeholders to be involved	<ul style="list-style-type: none"> MOF RMCD LHDN MCMC Ministry of Digital BNM
Time horizon	<ul style="list-style-type: none"> Medium-term (2-3 years)
Expected outcomes	<ul style="list-style-type: none"> Broader tax base capturing user-driven digital revenue Reduced compliance burden on local businesses Higher voluntary compliance by global digital players

4. Strengthen businesses and consumers' awareness on data privacy and protection

Description	<ul style="list-style-type: none"> Enhance awareness and education to empower businesses and consumers in better protecting their personal data and making informed choices in the digital economy. This can be done in collaboration with key players and civil societies to promote greater data protection practices and strengthen accountability among platforms. Potential programmes include digital literacy campaigns, development of educational materials, interactive online modules.
Government stakeholders to be involved	<ul style="list-style-type: none"> JPDP MDEC Ministry of Digital KPDN
Time horizon	<ul style="list-style-type: none"> Short-term (1 year)
Expected outcomes	<ul style="list-style-type: none"> Increased businesses and public awareness of personal data rights, leading to more informed digital behaviour. Reduced risk of data misuse and abuse by digital platforms due to better consumer scrutiny.
Case study	<p>Singapore ⁴⁷⁶ : In 2023, Singapore's Infocomm Media Development Authority (IMDA) partnered with Google to launch PET x Privacy, a joint initiative that integrates Google's Privacy Sandbox solutions into IMDA's Privacy-Enhancing Technologies (PET) Sandbox. The PET Sandbox provides a secure test environment for businesses to explore new technologies that enable</p>

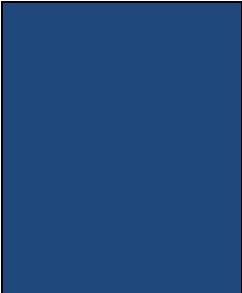
⁴⁷⁶ Google (2023). IMDA-Google: PET x Privacy Sandbox. https://services.google.com/fh/files/events/imda_google_pet_x_privacy_sandbox_2023.pdf

responsible data use and sharing while safeguarding consumer privacy.

Through this initiative, businesses in Singapore can trial privacy-preserving advertising and data solutions that aim to reduce reliance on third-party cookies, improve transparency, and strengthen user privacy. The collaboration reflects Singapore's co-regulatory approach of working with major technology players to balance innovation, privacy protection, and competition in the digital economy. By enabling early trials, IMDA helps firms adapt to global shifts in data governance and ensures that local businesses are not disadvantaged as dominant platforms roll out privacy-focused technologies that may reshape digital advertising markets.

5. Capacity building across entire public sector delivery

Description	<ul style="list-style-type: none"> • Entire public service to enhance in-house capabilities and understanding in AI, data science, analytics and algorithmic auditing • Assignment of specific sub-sector portfolio to relevant Ministries • Key ministries/agencies relevant to the four sub-sectors should also: <ul style="list-style-type: none"> ◦ Proactively track emerging trends, technological shifts, and issues affecting businesses and users, including market access barriers, algorithmic bias, and platform constraints ◦ Conduct frequent engagement with relevant key players to understand practices and build connections ◦ Platform regulation and policy enforcement ◦ Digital monitoring to detect changes in platform practices and identify potentially unfair or discriminatory behaviours ◦ Serve as a central liaison for coordinating with other ministries and agencies in addressing identified issues ◦ Act as mediator in fostering greater dialogue between businesses and key platforms ◦ Proactively publish public reports on the status, challenges, and developments within the sub-sectors
Government stakeholders to be involved	<ul style="list-style-type: none"> • Ministry of Digital • KPDN • MOTAC • MyCC
Time horizon	<ul style="list-style-type: none"> • Medium-term (2-3 years)
Expected outcomes	<ul style="list-style-type: none"> • Strengthens government capabilities in AI, data, and digital platform oversight.

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- Enhances proactive monitoring and policy responsiveness across key digital sub-sectors.
 - Improves coordination, transparency, and stakeholder engagement with platforms and businesses.

6. Enable the growth of local digital economy champions through a supportive ecosystem

Description	<ul style="list-style-type: none"> • Continuous development and promotion of more local digital economy champions (existing MDEC programmes, e.g., Malaysia Digital Acceleration Grant (MDAG), Digital Content Grant (DCG), 4IR Catalyst Grant – (4ICG)) • Support through provision of financial incentives such as grants, subsidies, or low-interest loans • Provide capacity-building programmes, technical assistance, and marketing support to enhance digital capabilities and market reach, alongside encouraging mergers, consolidations, or joint ventures among Malaysia-founded platforms to compete more effectively with large foreign digital players.
Government stakeholders to be involved	<ul style="list-style-type: none"> • Ministry of Digital • MDEC • MOTAC • MOF • BNM • MITI
Time horizon	<ul style="list-style-type: none"> • Medium-term (2-3 years)
Expected outcomes	<ul style="list-style-type: none"> • Increases the competitiveness and scalability of local digital platforms. • Encourages consolidation and collaboration to strengthen Malaysia's digital ecosystem.



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