



KEMENTERIAN PERDAGANGAN DALAM NEGERI
DAN HAL EHWAL PENGGUNA

SPEECH BY

**YB DATUK SERI SAIFUDDIN NASUTION BIN ISMAIL
MINISTER OF DOMESTIC TRADE AND CONSUMER AFFAIRS**

**LAZADA'S WECOMMERCE SATELLITE TRADESHOW 2019
AND
LAUNCH OF LAZADA MALAYSIA'S COLLABORATION WITH
THE MINISTRY OF DOMESTIC TRADE AND CONSUMER AFFAIRS
ON THE "BUY MALAYSIAN" CAMPAIGN**

15TH AUGUST 2019 (THURSDAY)

**GRAND BALLROOM, LEVEL 2,
ALOFT KUALA LUMPUR SENTRAL**

(Salutations)

Mr. Leo Chow

Chief Executive Officer of Lazada Malaysia

YBrs. Datuk Badrul Hisham bin Mohd

Deputy Secretary General

Ministry of Domestic Trade and Consumer Affairs

Respected Members of Lazada Malaysia's Top Management

Traders from China, Indonesia and Malaysia

Assalamualaikum W.B.T and very good morning to all.

It gives me great pleasure and honour to be invited by **Lazada Malaysia** to officiate **Lazada's WECOMMERCE Satellite Tradeshow 2019**. I am delighted to be part of this exciting initiative to match global traders with local sellers so that both sides can expand their online businesses together.

I hope today's event will serve as a conducive platform to help quality products successfully expand into international markets by localizing them through local sellers who are well-versed in their respective markets.

I am also happy to announce that **Lazada Malaysia will be collaborating with the Ministry on the Ministry's "Buy Malaysian" Campaign** as one of our e-commerce partners. This collaboration is timely as we are united in our shared mission to nurture and grow Malaysian SMEs and to encourage shoppers to support Malaysian sellers.

It is my firm belief that the government must always keep pace and stay ahead of the winds of change. As such, this year's "Buy Malaysian" campaign is the very first to involve players in the e-commerce industry.

Ladies and gentlemen,

E-commerce is the future of retail. It has taken the world by storm and is a disruptive force which must be fully embraced by the government. Disruption happens when an emerging innovation is able to provide solutions to existing market inefficiencies and fulfil the needs of consumers and market players.

Regulators cannot afford to ignore or resist disruption. We must help ensure that market players are able to adapt and innovate so that no one is left behind.

For consumers, E-commerce offers convenience, a greater selection of products, convenient modes of payment and most importantly, cheaper prices. For the sophisticated consumer, the ability to shop from sellers anywhere in the world also allows them to find niche and tailor-made products which best meet their needs.

For sellers, e-commerce offers unparalleled access to markets traditionally beyond their reach. It also greatly reduces the barriers of setting up a business as it alleviates the need for rent, manpower, utilities and other operating costs. This allows anyone to become entrepreneurs from the comfort of their own homes.

For the government, e-commerce stimulates the local economy, contribute to the growth of the national GDP, drive down the cost of living by cutting out unnecessary layers in the supply chain and provide opportunities to earn an income for thousands of citizens outside the workforce such as students, housewives, pensioners and the disabled.

It is clear that E-commerce offers vast opportunities for consumers, entrepreneurs and the nation. It is a very powerful economic force which the government must tap into as part of our nation-building agenda.

Ladies and gentlemen,

However, there are also a few key areas which require improvement before we can truly unlock the full potential of e-commerce in Malaysia.

Firstly, we must enhance our ability to combat the rise of e-commerce fraud. As the Minister in charge of Consumer Affairs, I am deeply concerned about the sharp rise of complaints to my Ministry involving e-commerce.

When I first became a Minister in July 2018, cases of e-commerce fraud ranked 2nd in the frequency of complaints to my Ministry at 18.6% of total complaints. However, this number steadily rose and as of last month, it has officially become the most frequent complaint received by my Ministry at 26.2% of total complaints.

When these cases appear frequently on the media, social media or spread by word of mouth, they deter consumers from e-commerce and hamper our efforts to develop Malaysia's Digital Economy. If left unchecked, they might even cause a trust deficit in the e-commerce industry.

As such, we must do our best to address these concerns. E-commerce platforms must devise efficient mechanisms to prevent e-commerce fraud and to process refunds swiftly. I was informed that Lazada has developed a comprehensive 7-14 days return policy, where consumers can return defective or wrongly advertised goods and request for a refund. If their refund request is rejected by the seller, consumers are given an option to appeal to the Lazada Dispute team.

On the Ministry's part, we have developed and published two guidelines, the **Consumer's Guide in Conducting Electronic Transactions** and the **Seller's Guide on e-Commerce Business** as a reference for consumers and sellers alike on how to minimize the risk of online transactions and the laws and regulations that online merchants must follow.

Further, through the Companies Commission of Malaysia (SSM), the Ministry has introduced **SSM BizTrust**, a digital certification which certifies that an online business entity has complied with important criteria of accountability such as business registration, online security and privacy protection. This initiative aims to help users conduct safe online transactions and prevent them from becoming victims of fraud.

However, I would also like to note that the government and E-commerce platforms can only do so much. Consumers must also play their part by being vigilant against the signs of online fraud and report any suspicious behaviour to the respective e-commerce platforms or the Ministry.

Secondly, we have to increase the speed and convenience of deliveries. According to a recent survey by Parcel Perform and iPrice Group, Malaysia has the longest online shopping delivery times in the ASEAN region, with deliveries taking an average of 5.8 days compared to the regional average of just 3.8 days.

The research also found that in Malaysia, 43% of online shoppers surveyed are unhappy with their e-commerce delivery experience, adding that over 90% of customer complaints received during the survey are related to late delivery or a lack of communication.

Malaysia's ranking in the survey is worrying as convenience is a major pull factor as to why consumers choose to shop on e-commerce platforms. Long delivery times might cause e-commerce platforms to lose this comparative advantage.

On this front, sellers and e-commerce platforms must maintain a quick, punctual and responsive customer service and proactively communicate expected delivery times to customers.

Further, e-commerce companies should explore strategic partnerships with logistical companies or experiment with smarter and faster ways to deliver parcels to customers. China is an industry leader and pioneer in this area, with certain Chinese e-commerce companies boasting of 1 day to 3 hour delivery for orders made on their platforms. It would be wise to learn from them or risk being left behind.

Thirdly, we have to increase the visibility of local brands and products on e-commerce platforms. A recent study commissioned by FedEx found that an average of 88% of Malaysian SMEs have adopted digital economy platforms, such as e-commerce, mobile e-commerce and social commerce platforms.

However, a quick glance through most e-commerce platforms would find that front pages are dominated by foreign products, with local products placed few and far in between. This leads to a lack of visibility and awareness of local products. Further, it is also a worrying trend as our local SMEs are not fully enjoying the benefits of the advancement of Malaysia's Digital Economy.

As the Ministry in charge of supporting local businesses and fostering the growth of domestic trade, we are deeply committed to rectifying this trend. In order to achieve this, we would need to change the mentality of sellers and the hearts and minds of buyers.

Local sellers must be taught how to market their products, increase their online presence and beat their foreign competition on aspects such as quality, price or localization.

Consumers must be made aware of the vast array of high-quality local products which can outcompete foreign goods on aspects such as price and quality. Further, consumers also have to realize that buying local products create local job opportunities, stimulate the domestic economy, reduce foreign outflows and leave a positive impact on the national economy.

In this regard, public-private partnerships such as the one today between Lazada Malaysia and the Ministry will help tremendously in boosting our local entrepreneurs and helping them succeed.

Ladies and Gentlemen,

As part of our collaboration, the Ministry will work closely with Lazada Malaysia to implement a series of initiatives to promote and upskill our local SMEs, such as:

1. Identify and promote local sellers with homegrown brands on Lazada with an aim to increase their sales;

2. Design a “Buy Malaysian” branded frame and encourage sellers with local products on Lazada to use them so that local products can be easily identified on the platform;
3. Feature the Ministry’s “Buy Malaysian” campaign on 2 mini-campaigns and 1 mega campaign on Lazada;
4. Organize competency training sessions for local sellers to upskill them, share valuable insight and data and ensure that they are well prepared for upcoming Lazada campaigns;
5. Onboard and promote local designers in conjunction with KL Fashion Week to increase the exposure of local fashion brands to Malaysians;
6. To carry out promotional activities on Lazada’s platforms such as promotional posts, creative content and competitions to generate awareness and promote the Ministry’s “Buy Malaysian” campaign.

I would like to express my deepest appreciation to Lazada Malaysia for coming on board the Ministry’s “Buy Malaysian” campaign to support and uplift our local entrepreneurs. I believe that by combining our strengths, we will be able to increase the adoption of e-commerce amongst local SMEs and accelerate the growth of Malaysia’s Digital Economy.

Ladies and gentlemen,

Today's collaboration shows the Ministry's commitment to embracing innovation, evolve with the times and to ensure that no one, especially our local SMEs, gets left behind by the rapid growth of Malaysia's Digital Economy.

Finally, I would like to extend my heartfelt congratulations to the Lazada Malaysia team, led by their very capable CEO, Mr Leo Chow for today's collaboration and the success of this event. To all participants, I wish all of you a very fruitful, productive and exciting day ahead.

With a Bismillahirrahmanirahim, I hereby launch the **Lazada WECOMMERCE Satellite Tradeshow 2019** and the Ministry's collaboration with Lazada for the "**Buy Malaysian**" campaign.

Thank you.