



KEMENTERIAN PERDAGANGAN DALAM  
NEGERI & HAL EHWAL PENGGUNA

**KEYNOTE ADDRESS BY:**

**YB TUAN CHONG CHIENG JEN  
DEPUTY MINISTER OF DOMESTIC TRADE AND  
CONSUMER AFFAIRS**

at

**MALAYSIAN ECONOMIC SUMMIT**

on

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venue

**BERJAYA TIMES SQUARE HOTEL**

Thank You Master of Ceremony,

**Yang Berbahagia Tan Sri Michael Yeoh**  
President, Kingsley Strategic Institute (KSI)

**Excellencies,**

**Distinguished Guests and Speakers,**

***Ladies and Gentleman,***

A very good morning everyone. It is my distinct honour and pleasure to be here today, and I would like to thank Tan Sri Michael Yeoh, President, Kingsley Strategic Institute (KSI) for inviting me to the Malaysian Economic Summit 2019.

**“STRENGTHENING CONSUMER PROTECTION IN THE DIGITAL AGE”**

The Malaysian digital economy on average had grown 9% annually in value added terms from 2010 to 2016. This is basically faster than Malaysia’s overall GDP growth, highlighting its role as a source of expansion. Furthermore, the International Data Corporation (IDC) predicts that by 2022, over 21% of Malaysia's GDP will be digitalised against the current level of 18%.

The rapid growth in the digital economy is partly attributable to heavy government investment into the sector. The Malaysian government is modernizing and digitalising its systems and processes throughout various agencies and departments. This has increased government productivity through the efficient use of resources, easier access to information as well as wider and quicker service reach.

***Ladies and Gentlemen,***

As we move into the digital era of Internet of Things (IoT) and IR 4.0, new opportunities and problems emerge for businesses and consumers alike.

### **How digital technologies empower consumers**

The affordance of digital technologies and the growing popularity of e-commerce have provided at once tremendous opportunities for consumer empowerment, but also challenges to consumer rights protection.

The internet has largely expanded consumers' access to products and services across the world, as well as to information and resources that facilitate their consumer decisions.

Constant feedback loops between consumers and their devices or apps enable companies to observe, anticipate, address and adapt to consumers' needs swiftly and predictively; they also allow the producers and service providers to frequently update their products and services to satisfy the consumer's evolving needs.

Online shopping and mobile payment have made purchases convenient and instantaneous. The emerging uses of novel technologies such as Augmented Reality and Virtual Reality in retailing will potentially enhance online shopping experiences.

Moreover, social media could also be used to expose business wrongdoings and give visibility to cases of consumer rights violation.

### **Challenges to consumer rights protection in the digital era**

However, at the same time, consumer activities in the digital age are surrounded by growing problems related to the complexity, opacity, and uncertainty around the use of personal data, as well as misleading, unethical or fraudulent commercial practices.

On the one hand, pre-existing challenges to and violations of consumer rights may be complicate in the digital age due to ill-conceived or illegal use of digital technologies by unethical businesses.

On the other hand, new problems have surfaced with the development of commercial tracking and targeting, the Internet of Things and other affordance of digital technologies. Below are a few challenges that consumers may encounter in the digital age.

E-commerce transactions often occur through third-party platforms that serve as intermediaries between the consumer and the vendor. The entry barriers for new market entrants in the sector of e-commerce is relatively low and free to enter and exit compared with many traditional marketplaces.

As a result, it may be harder to prevent or track down fraudulent activities that often exploit the structural designs of the platforms, such as their anonymity, for deception.

When frauds occur, deceptive businesses may flee the platform, which leads to liability issues: Who should be liable for the consumers' loss if the platforms appear as a neutral and indifferent intermediary that delegates the responsibility to irresponsible businesses?

Lack of sponsorship disclosure. The rise of native advertising, product placement, and influencer marketing have led to the explosive growth of sponsored content that seamlessly blends in with editorial content or seemingly neutral information.

There is often a lack of clear disclosure as to whether or not such content is paid or by whom. This lack of disclosure blurs the line between advertising and information, between genuine reviews and marketing gimmicks, corroding consumers' ability to make informed purchasing decisions about purchases.

A recent report by **Experian's Global Identity and Fraud Report APAC** edition found that the majority (77%) of Malaysia consumers valued 'security' as the most important element of an online experience, followed by 'convenience' (12%) and 'personalisation' (11%): the value that

Malaysia consumers place on security is the second highest in APAC, after China consumers.

It also found that 57% of Malaysia businesses had experienced an increase in online fraud-related losses over the past 12 months. This includes account takeover attacks and fraudulent account openings. As a result, 64% of Malaysia consumers surveyed felt that the trade-off for convenience in today's digital society was decreased privacy, with 65% of businesses in Malaysia collecting more personalised data to develop a more tailored user experience, targeted products and offers.

### **Measures to protect consumer rights in the digital age**

Ladies and Gentlemen,

Considering the numerous challenges above, how can we protect consumer rights in the digital age?

The development of digital commerce also has a challenge – growing number of complaints received from consumers involving online transactions. In this case, my ministry always strives to provide good supporting infrastructure for online shopping. As such, we have introduced the Electronic Commerce Act 2006, Consumer Protection Act 1999 and Consumer Protection (Electronic Trade Transactions) Regulations 2012. These introductory e-Commerce legal frameworks provide a healthy environment for the growth of this industry and afford protection for online consumers.

In line with the e-commerce legal framework I have mention just now, the Ministry has published **Seller's Guide on eCommerce Bussiness** as a reference for online traders. These guidelines will include the laws and regulations that online merchants must adhere to, tips for starting an online business as well as general information related to online business. These guidelines will be provided not only as a source of reference to online traders but can also be used as references to users as a check and balance to minimize the risk of online trade fraud in the future.

Additionally, to assist and educate consumers on the correct procedures before making online purchases, the ministry has published **Consumer Guide to Conducting Electronic Transactions** as a reference for consumers.

We also recognize that security and trust are the main concerns for the online buyers. SSM BizTrust was introduced to help traders increase consumer trust and confidence in conducting online transactions. The Ministry, through its advocacy program has always encouraged consumers to buy from trusted websites that has BizTrust - in the form of digital certifications. This initiative will not only help to convince users to conduct safe online transactions, but also to prevent users from becoming victims of online trade fraud.

SSM BizTrust is a standard that can be obtained by online business entities via SSM, which certifies that the entity has complied with the characteristics of the trust principle and criteria that has been established including business registration, online security and privacy. SSM BizTrust logo will be displayed on the online trader's website/ social media once the application approved and provided by SSM. By displaying SSM BizTrust logo on the website, their customers will have more confidence to transact with them.

The advancement of digital technologies brings about both opportunities and challenges to consumers, who are at once greatly empowered by digital technologies and vulnerable to pre-existing or emerging risks. Nonetheless, there are many measures to which we may resort to curtail the risks and amplify the benefits brought about by novel technologies.

The Consumer Protection Act 1999 came into force on the 15th of November 1999 to provide legislative provisions for consumer protection. Since then, six (6) amendments have been made in the year of 2002, 2003, 2007, 2010, 2015 and 2017.

- Amendment 2002 – Amendment of Subsection 17 (1) listing the types of Future Services Contract gazette by the Ministry for the purpose of the section;

- Amendment 2003 – increasing the TTPM’s membership to include members from judicial and legal services as well as increasing the TTPM’s award from RM10,000 to RM25,000;
- Amendment 2007 – widening the scope of Act 599 to include the electronic commerce transactions;
- Amendment 2010 – Introduction of Part IIIA: Unfair Contract Terms which defines the provisions to protect consumers from unfair terms in a standard form contract and Part XIA: Committee on Advertisement which provides power to the Minister to establish a committee, to monitor and take necessary action against the supplier that produces false and misleading advertisement;
- Amendment 2015 – widening the scope of Act 599 to include the consumer claim relating to aviation service; and
- Amendment 2017 - Introduction of Part IIIB: Credit Sale Transaction to control credit sales transaction and cap the maximum fixed interest rate up to 15% per annum in order to control household debt and consumer spending behaviour.

Recognizing the needs in reaching out the people to educate the society, The ministry had also conducted various advocacy programs involving various target groups such as schoolchildren, students and the general public, such as Consumer Interactive Challenge – Consumer School Club, Student Consumer Movement and many more. These program tend to educate the public in knowing their right and responsibilities as a consumer as well as to increase consumer awareness and protection.

Ladies and Gentlemen,

There is one other area that are closely linked under my ministry that I should touch on briefly. One is on the competition policy and guidelines. I recently launched the Malaysia Competition Commission (MyCC) Guidelines on Intellectual Property Rights and Competition Law with the objective to address issues which arise out of the complex interface between intellectual property rights and competition law. It is our hope that

through these guidelines, the competition processes can be protected through the prevention of anti-competitive agreement and abuse of dominant position involving intellectual property rights.

These Guidelines focussed on four (4) key areas: the interface between competition law and intellectual property rights; the relevant markets where intellectual property rights are concerned; the prohibitions under the Competition Act 2010; and the conflicting situations between intellectual property rights and competition law.

Let me assure you that my ministry will continue to enhance our IP protection and will work closely and continuously with all stakeholders to make sure that we can strive to provide the best protection to IP owners. Various programmes to enhance public awareness on the importance of respecting IP rights are being organised.

This includes our plan to further strengthen Malaysia's laws so that we can provide better IP protection for both local and foreign investors. There will be amendments to the law which are aimed at addressing new requirements arising from recent technology development. Among the steps we are taking include introducing a new Trade Marks Bill 2019, which already been tabled and passed in Lower House Parliament of Malaysia last Tuesday. The introduction of this new act will enable Malaysia to accede to the Madrid Protocol. This will benefit the country economically through superior international IP cooperation. It will also enhance foreign investors' confidence in our commitment to protect their property rights.

Ladies and Gentlemen,

Once again, I congratulate KSI for inviting me to this summit. I wish all the participants today a fruitful and successful discussion.

Thank you.