

DIGITALISATION FOR RECOVERY

12th Malaysia Plan must consider three areas to plug gaps in country's digitalisation process

THE effects of the Covid-19 pandemic will be more severe in the months to come if we fail to plan the right recovery strategies. In this crucial period, digitalisation must be central to nations' efforts moving forward.

Digitalisation for development and recovery is not a new concept in Asia. The recently-launched Asian Development Bank's publication, *Asia's Journey Policy, Market, And Technology Over 50 Years*, captures the role of digitalisation as a key driver in the region.

Its findings conclude that Asia's growth and development over the past 50 years were built on technological advancement. Japan, Hong Kong, China, the Republic of Korea, Singapore and Taiwan leveraged technology to improve productivity and raise living standards to advanced



DATUK DR. NORMA MANSOR

economy levels.

This is driven by the 4th Industrial Revolution (IR4), which builds on the Information Communications Technology revolution and is fuelled by digitalisation. Digitalisation is a core component of total factors of productivity, and over the past half century, growth in Asia has relied increasingly on it.

Lastly, digitalisation and technological progress are neither automatic nor inevitable. Instead, they require efforts by individuals, firms, researchers and governments.

We have witnessed how a health crisis can spur digitalisation.

In 2003, the Severe Acute Respiratory Syndrome outbreak in China had catapulted digitalisation through take-up in e-com-

merce and mobile phone usage.

Today, over 33 per cent of retail transactions in China are done online when most countries have barely touched the 10 per cent mark in the pre-Covid-19 days. From this experience, China has put digitalisation at the heart of its operations and strategy. According to (United States-based management consulting firm) McKinsey & Company, these efforts will create 10 to 45 per cent of industry revenue in China by 2030.

As Malaysia is finalising the 12th Malaysia Plan (2021-2025), it is important to refocus more on digitalisation. In the 11th Malaysia Plan, digitalisation was primarily covered under the macro strategy of driving productivity to ensure sustainable and inclusive growth.

Key to this includes the government's commitment to promoting the digitalisation of business operations and greater adoption of technologies to leverage the benefits of IR4. Malaysia has also rolled out the Industry4WRD policy, which aims to drive digital transformation in the manufacturing and related services sectors.

The 12th Malaysia Plan must now look into plugging gaps in

the country's digitalisation process. Three areas must be given due consideration:

ONE, public investment must come first as private capital tends to reduce investment during a recession to manage risks. We will likely see the rise of entrepreneurs pushed by unemployment looking to create digital startups or embed themselves in the digital economy.

Given the pronounced role taken up by the Malaysia Digital Economy Corporation in recent months, it seems primed and fit to be the central coordinator of such initiatives.

TWO, to support digitalisation in Malaysia, the government must enhance legislation to encapsulate consumer protection frameworks, introduce cybersecurity laws and review the Personal Data Protection Act (PDPA) 2010.

The PDPA is a decade old and is no longer adequate to deal with data protection requirements. This presents an opportunity for Malaysia to bring the PDPA in line with global standards, such as the European Union General Data Protection Regulation, and promote inclusion of government ministries and agencies to

allow for information sharing, which will yield more effective policymaking.

THREE, moving forward, future aid can potentially leverage digitalisation and be disbursed via fintech firms.

Also, the government must introduce digital literacy programmes in schools and communities to prepare the rakyat for the new normal.

We are seeing the future arrive at a more rapid pace. Trends we thought would take decades to play out are arriving within months or even weeks. We must accept that there will be no snapback to normal ways. We must be more open to avoid future tragedies.

Where we are now is not our forever. While the government had no hand in creating this predicament, it would play a big hand in its recovery. It is time for us to embrace digitalisation to ensure an equitable and sustainable recovery.

The writer is director, Social Well-being Research Centre (SWRC) - formerly known as SSRC; Faculty of Economics and Administration, Universiti Malaya, and president, Malaysian Economic Association