



## Malaysia

22 March 2021

### Malaysian small businesses increase use of digital technologies due to COVID

- Forty per cent of surveyed small businesses increased their focus on online sales.
- More could be done to encourage uptake of mobile and digital payment options.
- Seventy per cent of businesses surveyed expect their revenue to grow in 2021.

Malaysian small businesses made greater use of digital technologies in response to COVID-19, with 40 per cent increasing their focus on online sales in the past 12 months. This finding comes from a new regional small business survey by global professional accounting organisation CPA Australia.

E-commerce wasn't the only digital technology used by small business during COVID-19. Social media was also an important tool for the sector, with over 60 per cent using it to promote their business and 55 per cent using it to communicate with customers.

"The strong connection between technology usage and business growth and the quick returns many Malaysian businesses experience when investing in technology is no doubt helping to drive this uptake. Forty-two per cent reported positive returns from their technology investment last year," said Mr Jimmy Lai, President of CPA Australia's Malaysia Division.

While most Malaysian small businesses offer customers new digital and mobile payment options, 61.5 per cent still receive 50 per cent or more of their sales in cash, above the regional average of 46.4 per cent.

"Small businesses may be offering limited digital and mobile payment options due to a lack of understanding about what's available or scepticism towards these solutions. This echoes findings from CPA Australia's 2020 Report on Business FinTech Usage Survey, that showed 31 per cent of businesses with fewer than 50 employees identified a lack of Fintech understanding among the board or senior management as a challenge to Fintech adoption.

"More can be done to assure business that digital and mobile payment options can provide better customer reach, which should contribute to recovery this year," Mr Lai added.

Difficult financing conditions look likely to remain a concern for many Malaysian small businesses this year, with nearly 50 per cent expecting they will face problems accessing finance. These difficulties, plus an uncertain outlook are also expected to impact the solvency of many businesses, with 32 per cent anticipating it will be difficult to repay debts in 2021.



COVID-19 is likely to continue creating challenges for Malaysia's small businesses. Developments such as the spike in infections at the start of the year are balanced by the vaccine roll-out and easing of restrictions. This suggests a more positive picture for 2021, which is supported by the survey results. About 70 per cent of respondents expect their revenue to grow this year, up from 56 per cent last year. Exporting will make an important contribution to growth, with 45 per cent expecting revenue from overseas to grow this year.

Despite the uncertainty many businesses face, over a quarter of Malaysia's small businesses expect to innovate this year. This is a higher result than for small businesses in Australia, Hong Kong, New Zealand, Singapore and Taiwan.

"With many small businesses having a strong focus on innovation, e-commerce, good staff and improving business strategy, we are likely to see them recover quickly from COVID-19, especially in the second half of the year. Such a focus also sets them up for long-term growth.

"However, uncertainty in the economic outlook will remain an impediment to small business recovery. The government should therefore continue to play its enhanced role in supporting this fundamental sector of Malaysia's economy in the near term," concluded Mr Lai.

CPA Australia's 12<sup>th</sup> annual Asia-Pacific Small Business Survey can be found [here](#).

Appendix 1 – Infographic

**Media contact:** Nirmala Ramoo on 6012 2790254, 0322673350 or

[nirmala.ramoo@cpaaustralia.com.au](mailto:nirmala.ramoo@cpaaustralia.com.au)

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