

## **E-Commerce — Drive Towards Improved Postal Services**

The Malaysian e-commerce industry has increased threefold since 2015.<sup>1</sup> The industry market exceeded US\$3 billion in 2019 and is projected to reach US\$11 billion by 2025. <sup>2</sup> In 2021 alone, the Department of Statistics Malaysia reported an exponential growth of e-commerce income, totalling RM254.6 billion for the first quarter and RM267.6 billion for the second quarter.<sup>3</sup> This translates to an increase of 30% and 23.3%, respectively, calculated on a yearover-year basis.<sup>4</sup>

Such increase has had a positive impact on the postal services industry, which serves as a backbone of the e-commerce sphere. This in turn provided an impetus towards calls for various updates and reforms over both the e-commerce and the postal services industry. This note analyses the latter.

The regulatory body responsible for the administration of postal services under the Postal Services Act 2012 is the Malaysian Communications and Multimedia Commission (MCMC).

### **Courier Licensing Criteria and Scope**

Last year, the MCMC introduced the Pelan Accelerator Kurier Negara (PAKEJ) which encompasses a five-year masterplan to achieve first-class postal services, improve integration of last-mile delivery and provide seamless customer experience by leveraging on digitalisation and innovation.<sup>5</sup>

In line with this, the MCMC recently proposed, in the form of a public consultation framework, new courier service licensing criteria and scope (Framework). The Framework proposes the following six criteria and scope:

#### **1. Guiding principles<sup>6</sup>**

The Framework shall be based on the following guiding principles -- within the current legal remits, improvised Framework to support PAKEJ's outcomes and aspirations, risk-based approach, fair licensing fee, data driven and sufficient period for transition process.

#### **2. New licensing structure<sup>7</sup>**

Three new classes for courier service licences shall be introduced -- N-Courier (National Delivery Service), U-Courier (Urban Delivery Service), and I-Courier (Pick-up Drop Off Points (PUDO) and Intermediary Service).

### 3. New licensing criteria and scope of services<sup>8</sup>

The criteria and scope of services for the new courier service licensing shall be enlarged to include coverage, parcel capacity and basket of services. The criteria and scope shall differ in accordance with the classes of courier service licence.

### 4. New annual licence fee model<sup>9</sup>

Cost of industry regulations shall be redistributed fairly between all classes of licences in the Framework. The proposed annual licence fee model shall be based on the value of each licensee and shall be calculated based on per item basis.

### 5. Licence conditions<sup>10</sup>

Further to the existing standard licence conditions, additional standard conditions shall be applicable to all types of licences -- such as the compliance with the registered industry code of practice, National Parcel Exchange requirement, National PUDO Affiliation requirement, Sustainability Guideline, and Security Guideline.

### 6. Mapping and migration processes<sup>11</sup>

To ensure a smooth transition process into the Framework, a natural migration scheme shall be implemented by 31 December 2022. In this regard, all licensees under the new licensing scheme shall be migrated even if their existing licences have yet to expire.

### Conclusion

The proposal in the Framework is a positive development, providing a radically different landscape to postal services in Malaysia. If implemented, this would no doubt propel the e-commerce industry to even greater heights and contribute positively towards the economic outlook in Malaysia.

<https://www.lexology.com/library/detail.aspx?g=a709576f-b767-471d-af4b-594f7ab51a3c>