



JULY 2017

STRONG TRADE, GDP DATA AUGURS WELL FOR POSSIBLE 2017 ELECTIONS

14TH GENERAL ELECTIONS
COULD COME ON GDP,
TRADE TAILWINDS

'CRYPTOS': THE CURRENCY
AND TECHNOLOGY OF THE
FUTURE?

MAY ADEX STRONGEST
OF 2017, SPARKING
RECOVERY HOPES



14 TH GENERAL ELECTIONS COULD COME ON GDP, TRADE TAILWINDS

1

Sept–Oct 2017 (SEA Games, ASEAN Para Games, Malaysia Day, Hari Raya and Budget 2018) and Jan–April 2018 (New Year’s Day, Chinese New Year and Good Friday) are conducive times to call for 14th general elections due to those occasions.

KUALA LUMPUR 2017

2

If so, elections will come on tailwind of strong trade activity that is boosting GDP:

5.6% YoY growth in 1Q17 from +4.5% in 4Q16 and +4.3% in 3Q16.

3

Exports have been growing for five consecutive months at a double-digit pace, led by strong trade activity in the manufacturing and services sectors.

4

The Business Tendency Report indicated highest-ever recorded levels of business confidence in Q2, with a +4.5 point reading, a steep turnaround from -6.9 points in the first quarter of 2017.

MYTV LAUNCH A POSSIBLE ASTRO DISRUPTOR?

2

By July 2018, Malaysia's terrestrial channels will migrate to the fully digital MYTV platform, part of an ASEAN-wide initiative for Analogue Switch-Off (ASO) that will occur in phases regionally between now and 2020.

3

FTA broadcasters are expected to pay between RM8-RM18 million per channel (lower than the previous proposed RM12-RM25 million) to grease viability and migration.

4

MYTV's service ('Freeview') will be accessed via a decoder to be given free to 4.5 million households that qualify for BR1M assistance: i.e. a rural, lower-income demographic.

1

MYTV is a Free-To-Air (FTA) digital terrestrial broadcaster with a 30-year concession owned by Tan Sri Syed Mokhtar Al-Bukhary.

4.7M
HOUSEHOLDS

astro

By contrast, Astro's service is in an estimated 4.7 million households, with its free NJOI service being MYTV's direct competitor.

5



BANKING, RIPE FOR FINTECH DISRUPTION

1

Banking is next to be disrupted by FinTech, as physical branches, previously used to distribute paper money, is being displaced by 'data money'.

2

FinTechs don't attack incumbent players head-on, instead focusing on specific verticals (AKA "unbundling") — spelling death by a thousand cuts for large banks.

4

Many factors are accelerating disruption, including changing banking habits (online and via apps), distrust (just 1 in 4 Americans trust their bank), a lack of competition and industry over-regulation.

3

In US, FinTechs are attacking bank services like robo-advisor wealth management (Wealthfront, Betterment), small business loans (Prosper, Kabbage), personal loans (LendUp, Oportun) and apps with new models for banking (Moven, Digit).

GOODBYE UNIT TRUST AGENTS, HELLO ROBO-ADVISORS

HIGH MINIMUM INVESTMENT
\$50K

ANNUAL FEES OF JUST 30 BASIS POINTS
-0.3%

ACCESS TO HUMAN CERTIFIED FINANCIAL PLANNERS (CFPS)

V

2

Top-ranked services currently include **Vanguard's** hybrid human-Robo platform that experts say is successful (\$65 billion in managed assets) because of its high minimum investment (\$50k), annual fees of just 30 basis points (0.30%) and access to human Certified Financial Planners (CFPs) when a personal touch is required.

3

Another service, 'Betterment', is also appealing as it has no minimum balance, offers top-tier portfolio management services, automated tax-loss harvesting while allowing investors to keep an additional 2.9% in investor returns annually because of its passive investing approach, rebalancing and tax-efficient techniques.

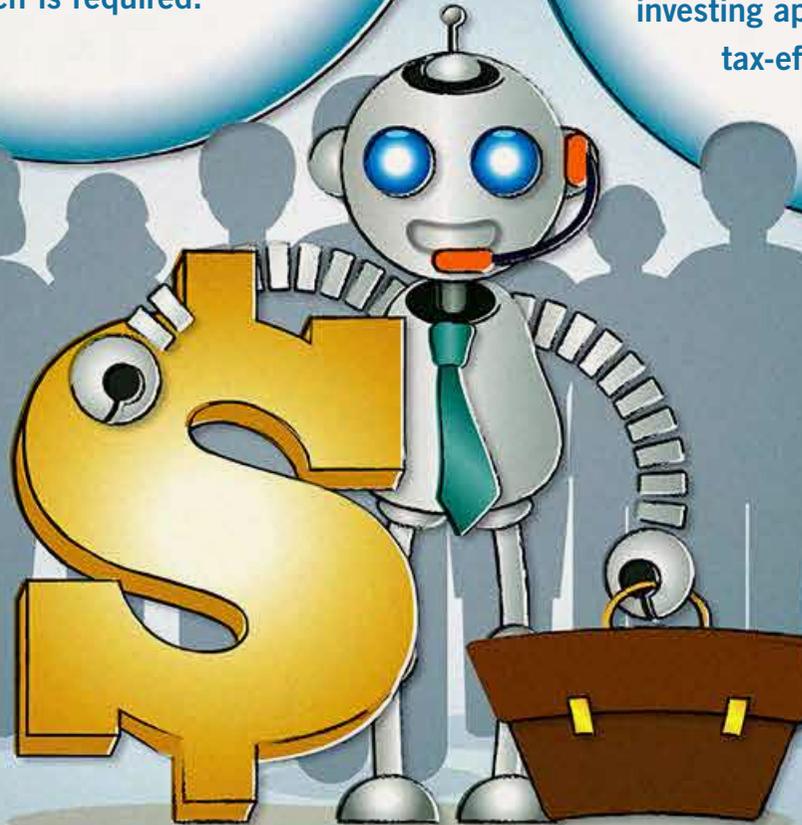

Betterment

1

Robo-advisors are surging in popularity because demand is growing for low-cost, automated investment providers that offer customised, diverse portfolios and access to services like wealth management, tax-loss harvesting and certified financial planning advice.

4

Malaysia will soon see Robo-advisors in the country following the Securities Commission's launch of its Digital Investment Management framework, setting out licensing and conduct requirements for automated discretionary portfolio management services.



'CRYPTOS': THE CURRENCY AND TECHNOLOGY OF THE FUTURE?

1

Prices of Bitcoin and Ethereum, the two most famous Cryptocurrencies, have hit record highs as investors speculate on their potentially ubiquitous usage in Big Data, Internet of Things.

2

Cryptocurrencies finance 'Blockchain' technologies, said to be exciting because they:

2A

Remove intermediaries like central authorities or overseers enabling corporations to run their businesses (e.g. procurement, HR, finance/admin, product and service sales) **using so-called blockchain 'smart contracts' without any human or institutional intervention.**

2B

Are secure, as every process that occurs on blockchains are sent or 'distributed' to every computer in the world using its technology, therefore enabling public ledgers and records of every such transaction and exchange.

2C

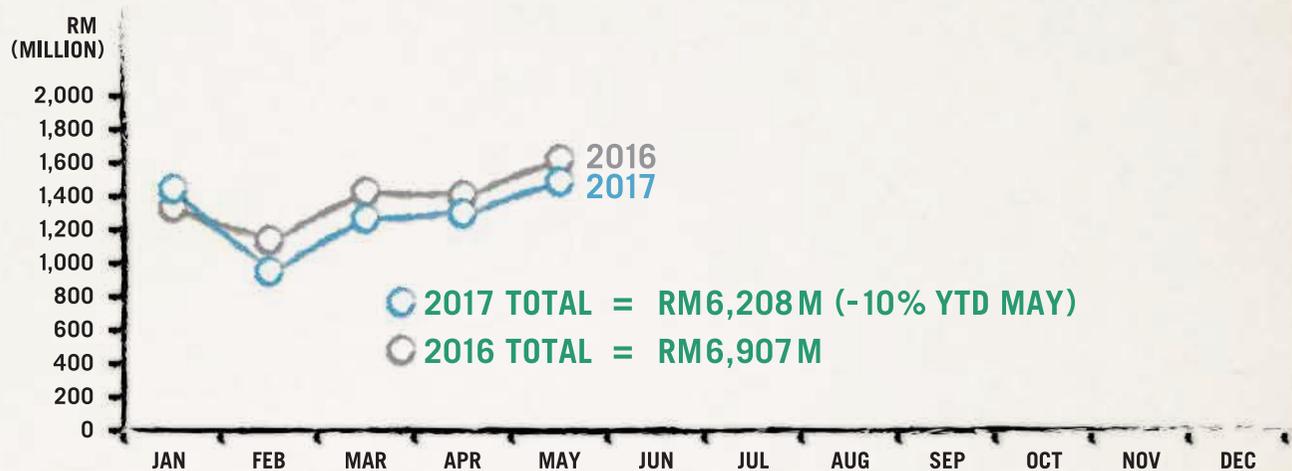
Are increasingly being viewed as alternative to paper money (i.e. fiat currencies) due to their 'open-source payment' capabilities.

2D

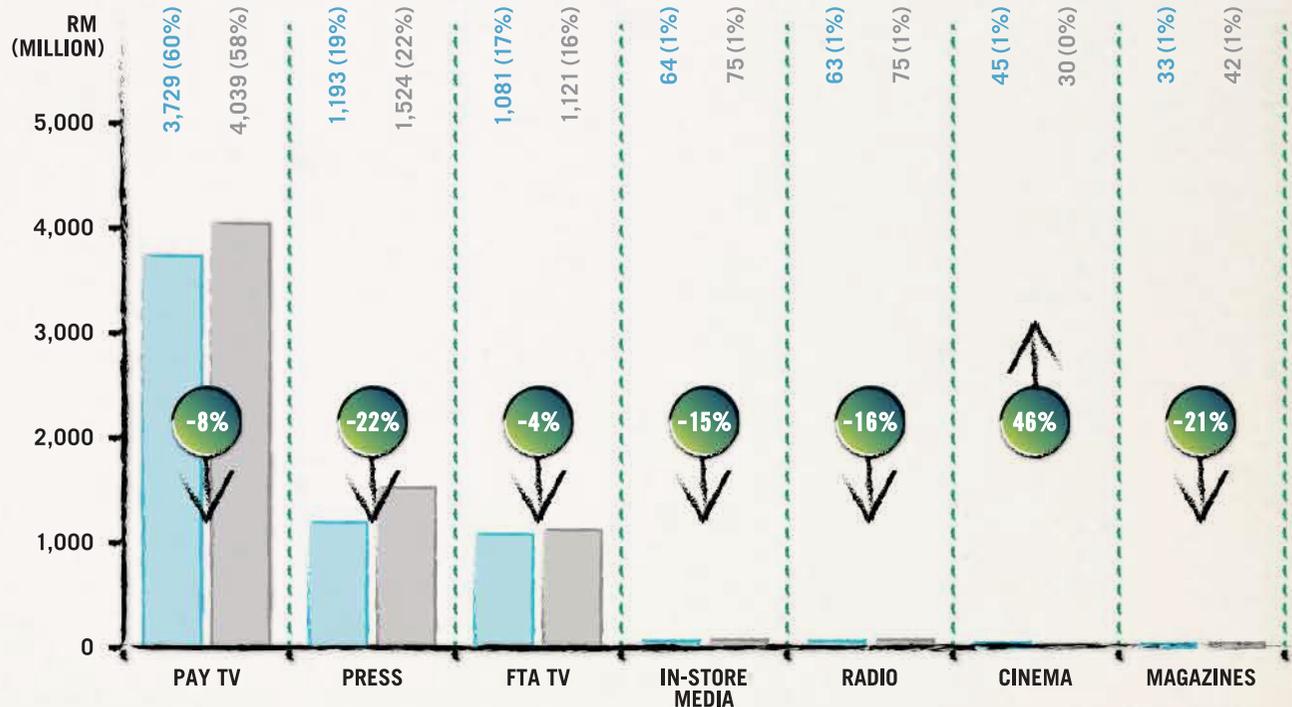
Are extremely challenging to 'mine', making them increasingly valuable as demand rises due to their curtailed supply.

MAY ADEX STRONGEST OF 2017, SPARKING RECOVERY HOPES

- **Excepting Cinema (+46%), May Adex showed YTD declines across all segments:** Press (-22%), Magazines (-21%), Radio (-16%), In-Store Media (-15%), Pay-TV (-8%) and FTA TV (-4%).
 - **Consumer sentiment remains weak:** Malaysian Institute of Economic Research (MIER)'s Consumer Sentiment Index still stubbornly below 100pt mark for eleven consecutive quarters from since 3Q14 to 1Q17.
 - **However, May Adex total (RM1.49 billion) is the highest total to date as adex growth expectations are rising ahead of pre-14th General Election & 60th Merdeka celebration ad spend.**
 - Private sector ad spend remains in the red but is exhibiting smaller declines YoY and has been narrowing since Feb 2017: a positive signal for gradual recovery in adex sentiment.
- # **Public sector ad spend continues to report steady growth of 10% YoY** (Apr 2017: +4% YoY)



COMPARING JAN - MAY 2017 WITH JAN - MAY 2016



SOURCE: DUE TO RECENT MEDIA MONITORING CHANGES, THE ABOVE ADSPEND FOR PAY TV IS EXTRACTED FROM KANTARMEDIA DTAM, OTHER MEDIA ADSPEND FROM NIELSEN AIS WHILE ASTRO RADIO FIGURES HAVE BEEN REMOVED FOR CONSISTENCY.



DAN EYE is a monthly snapshot that captures the most current and essential macroeconomic, social and technological influences driving industry change. Our 'eye on everything' approach aims to provide clients with the most relevant, innovative and integrated solutions in addressing their marketing challenges today.

CARAT MALAYSIA is

Malaysian Media Awards

– Agency of the Year 2015

A+M Magazine's Agency of the Year Awards

– Media Agency of the Year 2015 (*Gold Winner*)

– Media Agency of the Year 2016 (*Silver Winner*)

Campaign Asia-Pacific Agency of the Year Awards

– Malaysian Media Agency of the Year 2014 (*Gold Winner*)

– SEA Media Agency of the Year 2014 (*Gold Winner*)

RECMA

– #1 Global, #1 APAC & #1 SEA Network in 2015

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