

VISA



FROM TRANSACTION TO TRANSFORMATION

# UNLOCKING MALAYSIAN MSMES POTENTIAL



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# 01

## EXECUTIVE SUMMARY

**Micro, small, and medium enterprises (MSMEs) are the economic backbone of Southeast Asia, accounting for a major share of the region's growth and employment.**

This trend cuts across national borders, but is particularly pronounced in Malaysia<sup>1</sup> where MSMEs contribute 38% of the country's national GDP and account for nearly 97% of all registered businesses.<sup>2</sup>

As Malaysia aims to become a technologically-driven and high-income nation by 2030,<sup>3</sup> it is imperative that MSMEs are included in its growth agenda, given their role at the frontlines of digital and sustainable innovation.<sup>4</sup> MSMEs help ensure that markets are able to maintain a high degree of competitiveness while opening doors for local entrepreneurs and communities to flourish.

Encouraging digital adoption among MSMEs can supercharge an economy's growth trajectory, but enabling it requires the participation of stakeholders from across the ecosystem to support greater digital awareness and increase access to funding and infrastructure.

To better understand the challenges and opportunities for Malaysian MSMEs as they digitalise, this paper explores several themes, including the economy's continued dependence on cash, infrastructural limitations, and areas for improvement. The paper draws from a recent Visa survey on Malaysian MSMEs and street vendors, secondary desk research, and insights from in-house experts.

<sup>1</sup> Definition of MSMEs, UNESCAP, <https://msmepolicy.unescap.org/definitions-msmes>

<sup>2</sup> How private and SME businesses can thrive under the Malaysia MADANI roadmap, EY, Oct. 10, 2023, [https://www.ey.com/en\\_my/insights/tax/how-private-and-sme-businesses-can-thrive-under-the-malaysia-madani-roadmaps](https://www.ey.com/en_my/insights/tax/how-private-and-sme-businesses-can-thrive-under-the-malaysia-madani-roadmaps)

<sup>3</sup> Malaysia Digital Economy Blueprint, Economic Planning Unit, Prime Minister's Department, 2021, <https://ekonomi.gov.my/sites/default/files/2021-02/malaysia-digital-economy-blueprint.pdf>

<sup>4</sup> SMEs and entrepreneurship, OECD, <https://www.oecd.org/en/topics/policy-issues/smes-and-entrepreneurship.html>

# 02

## SOUTHEAST ASIA'S DIGITAL TRAJECTORY

Despite the immense diversity of Southeast Asia, countries across the region share something in common: **unrelenting, exponential digitalisation**. In fact, Southeast Asia's 700 million<sup>5</sup> people are among the most digitally-savvy populations in the world, with around 80% of the region accessing the internet every day for work, play, education, and more.<sup>6</sup>

Thanks to these high adoption rates, Southeast Asia's digital economy is expanding much faster than mature economies like the US and China,<sup>7</sup> and was valued at US\$263 billion in 2024.<sup>8</sup>

### Southeast Asia's digital economy growth trends upwards

Digitalisation isn't just a consumer phenomenon, but one that is reshaping businesses and industries of all sizes and shapes in the region. From well-established corporates to MSMEs on the cutting edge of innovation, organisations of all stripes are waking up to the potential of digital technologies.

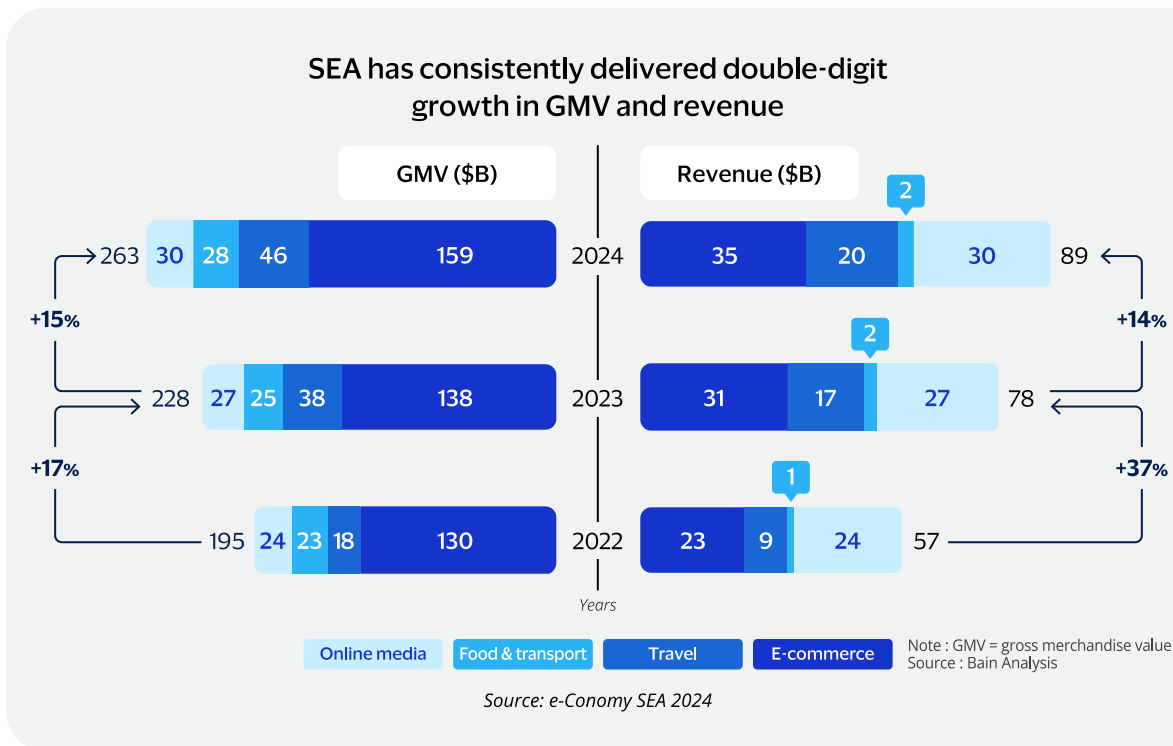


<sup>5</sup> Southeast Asia, World Population Review, <https://worldpopulationreview.com/continents/southeast-asia>

<sup>6</sup> Building an Internet for the future of Southeast Asia, Kearney, June 5, 2023, <https://www.kearney.com/service/digital-analytics/article/-/insights/building-an-internet-for-the-future-of-southeast-asia>

<sup>7</sup> Ibid

<sup>8</sup> e-Economy SEA 2024, Google, Temasek and Bain & Co., 2024, [https://services.google.com/fh/files/misc/e\\_economy\\_sea\\_2024\\_report.pdf](https://services.google.com/fh/files/misc/e_economy_sea_2024_report.pdf)



"Digitalisation in Southeast Asia started several years ago, with different markets starting at different stages of the journey," says Debarun Roy Choudhury, vice president and head of commercial & money movement solutions for Southeast Asia at Visa.

"Initially, digitalisation efforts focused on streamlining processes to optimise operational efficiency. Over time, however, we saw the emergence of tools that leveraged data or cash flow insights to embed financial and payments services directly into business workflows."

A 2020 survey revealed that digital transformation was a top three business priority for 72% of executives in the region — a sentiment that has undoubtedly deepened in the years since.<sup>9</sup> Moreover, the International Data Corporation (IDC) projects that Southeast Asia's digital tech spending will continue to rise unabated, despite economic uncertainties.<sup>10</sup>

<sup>9</sup> Digital Transformation in Southeast Asia: Three Key Aspects that Accelerate Growth, Prophet, 2020, <https://prophet.com/2020/11/digital-transformation-in-southeast-asia-three-key-aspects-that-accelerate-growth/>

<sup>10</sup> Digital Technology Spending by Asia/Pacific\* Organizations to Grow at 5X the Economy in 2024, IDC, March 14, 2024, <https://my.idc.com/getdoc.jsp?containerId=prAP51960824>

This isn't a trend limited to big companies with deep pockets. While MSMEs have typically been slow to adopt new technologies due to their limited resources, companies are increasingly waking up to the importance of going all-in on digital. Over the next three years, MSMEs in the region are expected to invest US\$173.6 billion on technology, a 70% increase from previous years.<sup>11</sup>

**“ Digitalisation isn't just a trend,  
it's an essential step towards  
remaining competitive. ”**

**Debarun Roy Choudhury**

Vice President and Head of Commercial &  
Money Movement Solutions at Visa in Southeast Asia

In the past, expanding into new markets meant establishing a physical presence in unfamiliar territory — often without insight into local norms or even the competition. This made the process slow and significantly riskier for businesses.

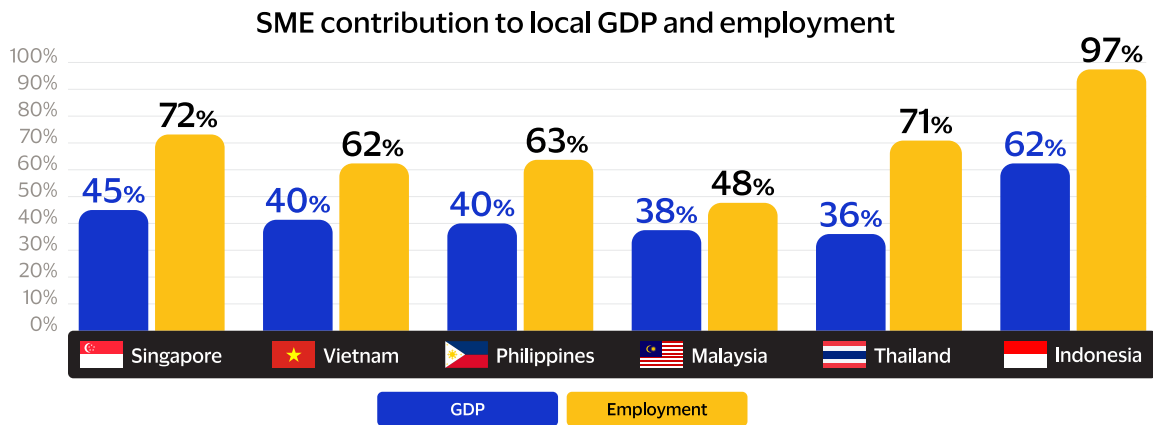
Today, with the rise of e-commerce, sellers have realised that selling online isn't limited to domestic markets. Their inventory can now reach international customers, turning stock into a global opportunity.

For many of these businesses, digitalisation isn't just a trend — it's an essential step towards remaining competitive, expanding consumer bases both at home and abroad, building new revenue streams, and optimising inventories. While businesses of all sizes can benefit from digitalisation, the impacts of technological adoption are set to be especially significant for MSMEs, helping generate greater efficiencies at an affordable price.

From a macroeconomic perspective, digitalising MSMEs is essential towards unlocking future growth, given their significant contributions to GDP and employment. On their own, MSMEs contribute an average of 40% of Southeast Asia's local GDP and 70% of local employment.<sup>12</sup>

<sup>11</sup> S'pore SMEs lead S-E Asia in tech spending; Asean to invest \$173.6 billion in the next three years, The Straits Times, Nov. 22, 2024, <https://www.straitstimes.com/business/economy/local-smes-lead-se-asia-in-tech-spending-asean-to-invest-1736-billion-in-the-next-three-years>

<sup>12</sup> Priming the growth engine, Arthur D. Little, September 2024, <https://www.adlittle.com/en/insights/viewpoints/priming-growth-engine>

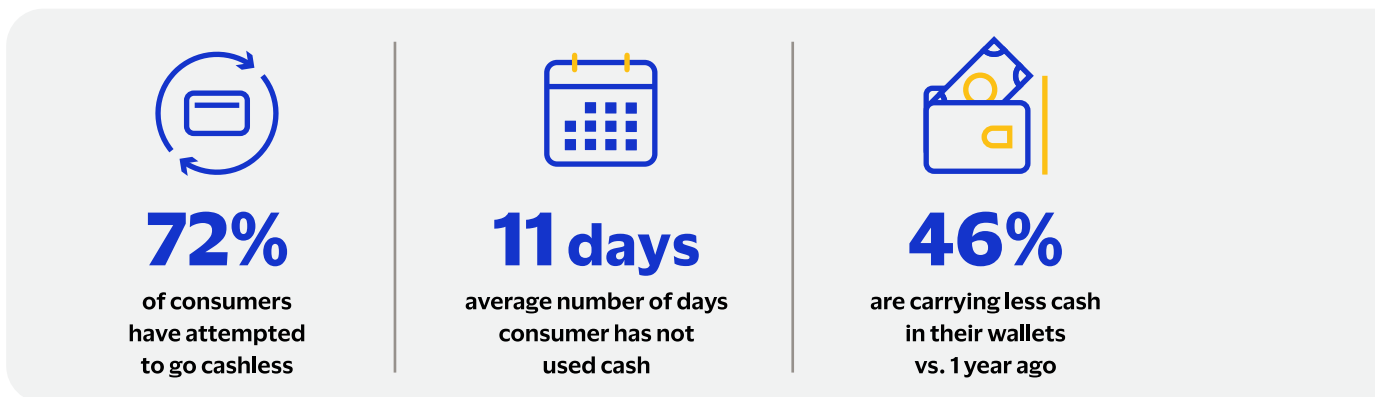


## Shaping the future of Southeast Asia's digital payments

Amidst the vast landscape of digital innovations, payments have remained a bright but challenging area for Southeast Asia — one fuelled by a growing cohort of mobile wallets, digital banking applications, and embedded finance solutions.

According to a 2024 Visa consumer survey, 72% of consumers have attempted to go cashless, and nearly half are carrying less cash than they did a year ago.<sup>13</sup> This underscores studies in 2023 that found 71% of e-commerce transactions were mediated by digital payments platforms.<sup>14</sup> It is anticipated that by 2028, as much as US\$325 billion of value could flow through these solutions.<sup>15</sup>

### Cashless Momentum in SEA



<sup>13</sup> Visa Consumer Payment Attitudes Study 2024, Visa, <https://www.visa.com.sg/content/dam/VCOM/regional/ap/singapore/global-elements/documents/visa-cpa-2024-report-smt.pdf>

<sup>14</sup> The Rise of Southeast Asia's Digital Payment and E-Commerce Economy, Lotusia Group, <https://www.lotusiagroup.com/insights/the-rise-of-southeast-asias-digital-payment-and-e-commerce-economy>

<sup>15</sup> Digital payments in Asia: \$325 billion in e-commerce by 2028, Payments Cards & Mobile, March 12, 2025, <https://www.paymentcardsandmobile.com/digital-payments-in-asia-325-billion-in-e-commerce-by-2028/>

Based on Visa's survey, the cashless momentum sustained by consumers is driven by the increased willingness of merchants to accept digital payment options, especially in sectors where MSMEs operate: food & dining, retail, shopping, and supermarkets.

Most of this progress is arguably owed to concerted efforts to develop digital banking and payments solutions at both national and regional levels. Regulators throughout Southeast Asia — not just bright spots like Singapore and Malaysia, but also emerging leaders in Vietnam, Thailand, and the Philippines — have all published and endorsed digital banking guidelines, while digital-first banks are an emergent force.<sup>16</sup>

Regional cooperation has also been essential for the significant progress that has been made to develop and improve digital payments infrastructure. These include:

#### **The ASEAN Banking Integration Framework (ABIF)**

Developed in 2014, the ABIF is a set of guidelines designed to enable regional interoperability between each country's banking systems.<sup>17</sup> In doing so, the ABIF provides banks with greater market access and operational flexibility, thus opening the door to more cross-border commerce.

#### **The Regional Payment Connectivity (RPC) Initiative**

Cross-border payments in Southeast Asia have typically long been slow, costly, and fragmented. However, since 2022, ASEAN member states have been cooperating on integrating their national payment rails, marking a significant step towards regional financial connectivity. The RPC enables consumers and small businesses to initiate real-time currency conversions via banking apps, enabling seamless and cheap cross-border QR payments.<sup>18</sup>

Another key factor driving the success of digital payments has been the decisive actions of Southeast Asian governments to develop key internet infrastructure. For example, several ASEAN economies are now investing heavily in 5G connectivity, which will be essential for supporting reliable, real-time payments. By the end of 2028, the region is expected to have around 620 million 5G subscriptions.<sup>19</sup>

<sup>16</sup> Digital banks: lessons from South East Asia (part 2), Thoughtworks, May 18, 2023, <https://www.thoughtworks.com/insights/blog/digital-transformation/digital-banks-sea-part-2>

<sup>17</sup> ASEAN Banking Integration Framework, IMF, March 3-4, 2016, <https://www.imf.org/external/np/seminars/eng/2016/hit2016/pdf/2-2.pdf>

<sup>18</sup> Enhancing Regional Payment Connectivity Across ASEAN+3 Economies, AMRO, April 17, 2025, <https://amro-asia.org/enhancing-regional-payment-connectivity-across-asean3-economies>

<sup>19</sup> 5G in South East Asia and Oceania: A closer look, Ericsson, <https://www.ericsson.com/en/reports-and-papers/mobility-report/closer-look/south-east-asia-and-oceania>

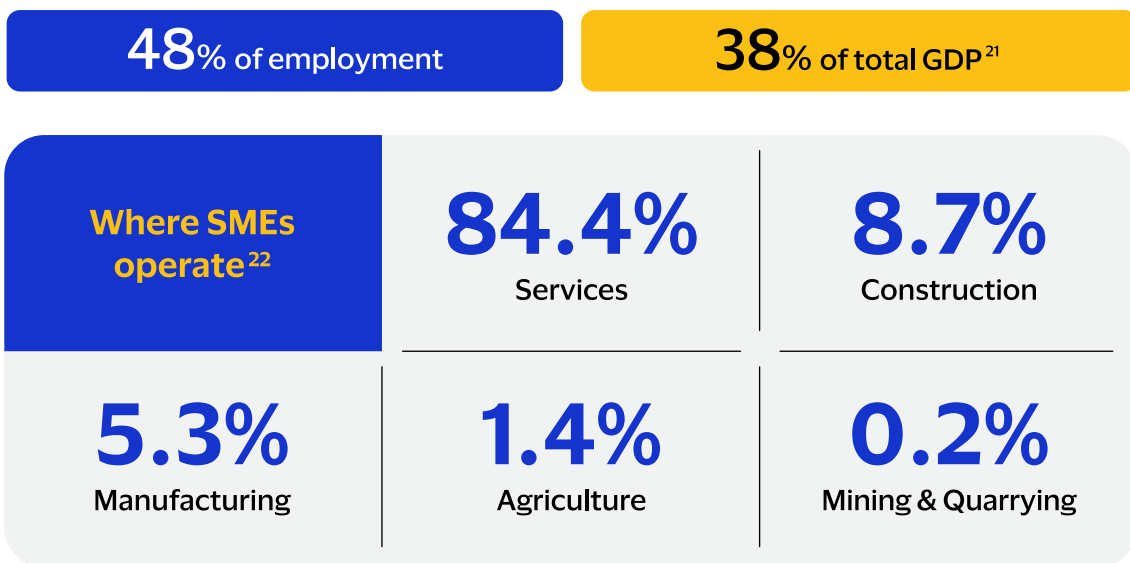
# 03

## A DEEP DIVE INTO MALAYSIAN MSMEs

MSMEs play a foundational role in Malaysia's economic development, driving employment, innovation, and inclusive growth.

According to national data, nearly 97% of all registered businesses in Malaysia are MSMEs and their cohort continues to grow.<sup>20</sup>

MSMEs are major contributors to Malaysia's economy



Given the importance of MSMEs to the nation, bringing these economic engines into the digital future has become a key focus area for the government, as highlighted in Malaysia's National 4IR Policy and Digital Economy Blueprint (MDEB)<sup>23</sup> and 13<sup>th</sup> Malaysia Plan (RMK13).<sup>24</sup> Over the years, the government has rolled out several initiatives to encourage digital adoption among MSMEs, from grants to talent development programmes.

<sup>20</sup> How private and SME businesses can thrive under the Malaysia MADANI roadmap, EY, Oct. 10, 2023, [https://www.ey.com/en\\_my/insights/tax/how-private-and-sme-businesses-can-thrive-under-the-malaysia-madani-roadmaps](https://www.ey.com/en_my/insights/tax/how-private-and-sme-businesses-can-thrive-under-the-malaysia-madani-roadmaps)

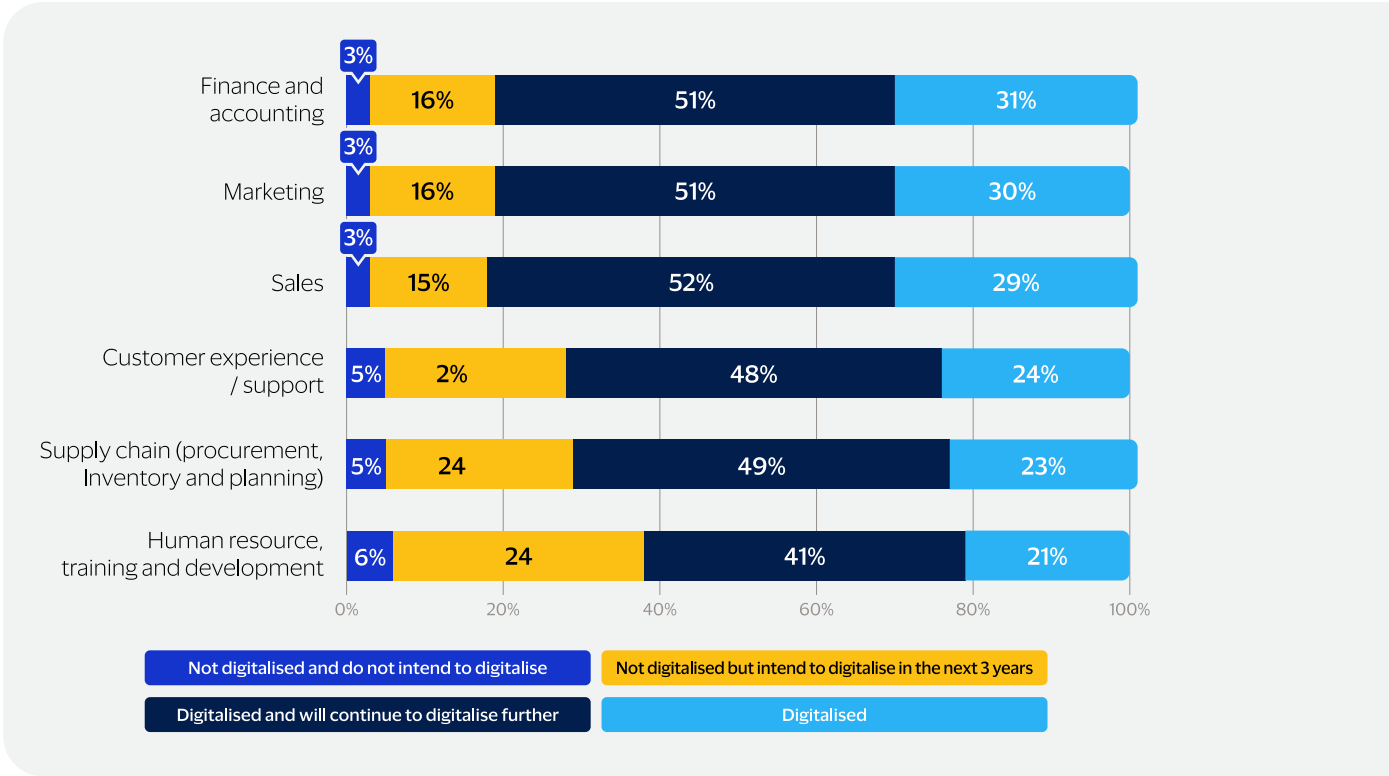
<sup>21</sup> Ibid.

<sup>22</sup> Profile of MSMEs in 2015-2024, SME Corporation Malaysia, August 2025, <https://smecorp.gov.my/index.php/en/policies/2020-02-11-08-01-24/profile-and-importance-to-the-economy>

<sup>23</sup> National-level priorities to grow the digital economy: Spotlight on Malaysia, Tech for Good Institute, <https://techforgoodinstitute.org/blog/articles/advancing-digital-economy-through-national-level-priorities-spotlight-on-malaysia/>

<sup>24</sup> Executive summary: Thirteenth Malaysia Plan, 2026-2030, Ministry of Economy, Malaysia, July 2025, [https://rmk13.ekonomi.gov.my/wp-content/uploads/2025/09/Executive\\_Summary\\_Thirteenth\\_Malaysia\\_Plan.pdf](https://rmk13.ekonomi.gov.my/wp-content/uploads/2025/09/Executive_Summary_Thirteenth_Malaysia_Plan.pdf)

These efforts have resulted in significant success. According to Visa’s 2024 survey of Malaysian MSMEs and street vendors, over 80% of MSMEs in Malaysia are already actively digitalising their business functions. These shifts are occurring across a range of different functions, from finance & accounting to marketing and sales — highlighting merchants’ readiness to move online.<sup>25</sup>



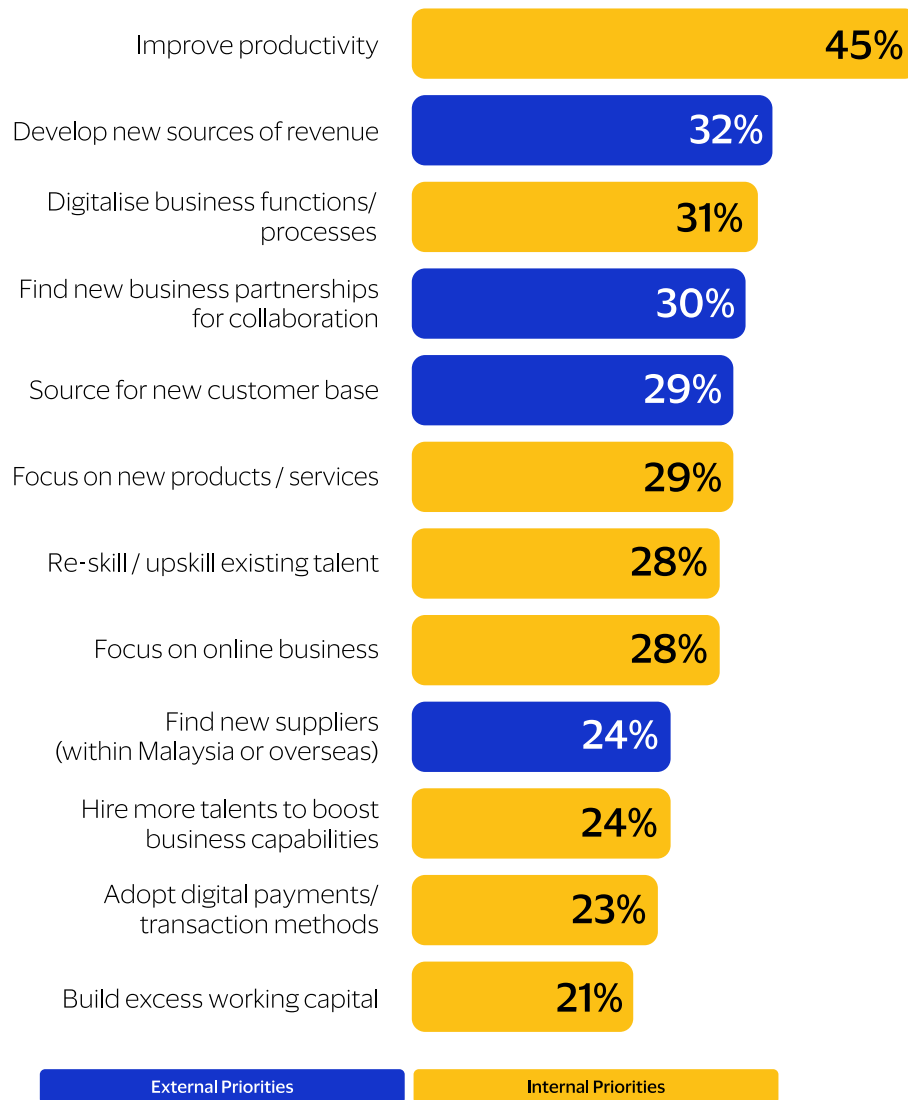
“In Malaysia, we’ve probably seen more progress in the last 12 months than we have in the last 12 years,” says Mr. Roy Choudhury. “There has been an explosion in the different kinds of solutions from financial institutions and fintechs in the landscape now, all of which stand to benefit small businesses.”

<sup>25</sup> SME Digital Banking and Payment Needs: Malaysia Research findings, Visa, June 2024.

## The rewards of digitalisation

In order to better understand what is driving Malaysia's MSMEs to digitalise in droves, it's worth noting what priorities these firms are turning to digital for. According to Visa's 2024 Malaysian MSME survey, digitalisation is broadly seen as a means to achieve two top business priorities: improving productivity and developing new sources of revenue.<sup>26</sup>

### Top 12 Business Priorities



<sup>26</sup> SME Digital Banking and Payment Needs: Malaysia Research findings, Visa, June 2024.

This appears to be truer for medium-sized businesses than their smaller counterparts. One reason for this might be that medium-sized businesses tend to incur higher costs due to their size and growth efforts. They also miss out on certain grants and subsidies that have been earmarked for smaller businesses.

Many respondents also note the ways in which adopting online platforms allows them to meet shifting consumer demands for more digital experiences. Like their counterparts elsewhere in Southeast Asia, Malaysians are avid digital users who spend an average of 8 hours and 13 minutes online each day.<sup>27</sup> They have embraced digital payments, with 72% reporting having attempted to go fully cashless, according to Visa's 2024 Consumer Payment Attitudes survey.<sup>28</sup>

As consumers shifted online during the COVID-19 pandemic, MSMEs have followed suit to remain competitive. Furthermore, the survey also highlighted the fact that digitalisation enables MSMEs to develop new sources of revenue (32%) and source new customer bases (29%), both of which are essential for long-term growth.<sup>29</sup>

<sup>27</sup> Digital 2025: Malaysia, DataReportal, March 3, 2025, <https://datareportal.com/reports/digital-2025-malaysia>

<sup>28</sup> Visa Consumer Payment Attitudes Study 2024, Visa, <https://www.visa.com.my/content/dam/VCOM/regional/ap/singapore/global-elements/documents/visa-cpa-2024-report-smt.pdf>

<sup>29</sup> SME Digital Banking and Payment Needs: Malaysia Research findings, Visa, June 2024.

## 04

## HOW ARE MSMEs USING DIGITAL PAYMENTS?

Digital payments have become a staple for Malaysian MSMEs, with more than half using online payments or direct bank transfers for business transactions.



Online payments

**66%**



Direct bank transfer

**61%**

Significantly higher among :

- Transportation firms



Cash

**53%**

Significantly higher among :

- Small businesses
- Consumer goods firms

The reasons for this are simple: Malaysian MSMEs like how convenient and cost-effective digital payment options are. For these merchants, speed is also highly valued, with quick format payments like QR codes, digital wallets, debit cards, and even cash emerging as frequently used tools.

Despite high levels of digital payments adoption, Malaysian MSMEs have yet to fully embrace other forms of fintech. Among MSMEs that are familiar with fintech or other advanced digital solutions for banking and finance, only 46% have adopted online solutions for finance and accounting versus the 67% who are already using fintech for payments and remittances.<sup>30</sup>

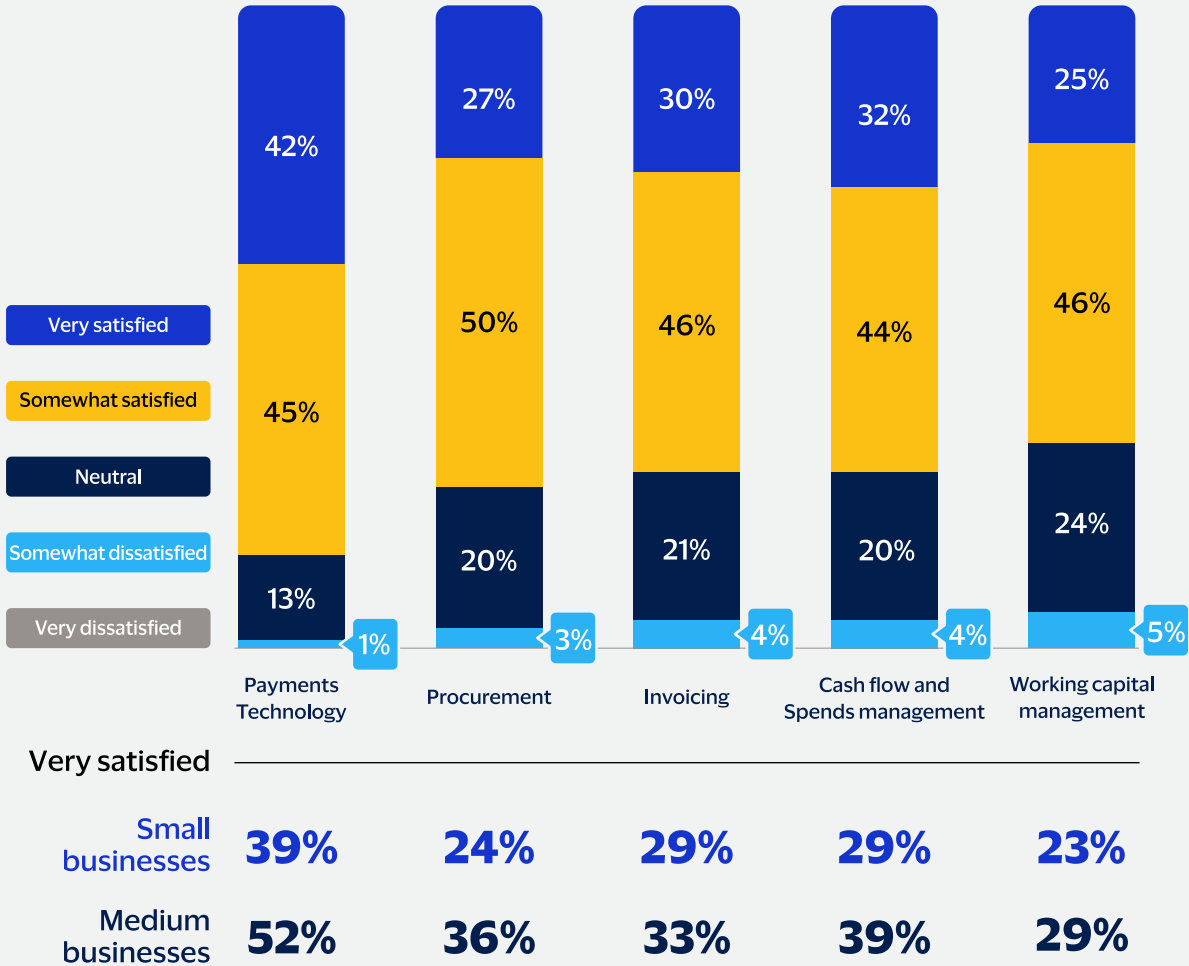
Those findings suggest significant room for greater awareness of digital tools for managing financial and economic constraints, which Malaysian MSMEs identified as top challenges. More advanced fintech solutions can also be effective for solving MSMEs' challenges with financial processes an issue for over 6 out of 10 respondents.<sup>31</sup>

<sup>30</sup> SME Digital Banking and Payment Needs: Malaysia Research findings, Visa, June 2024.

<sup>31</sup> Ibid.

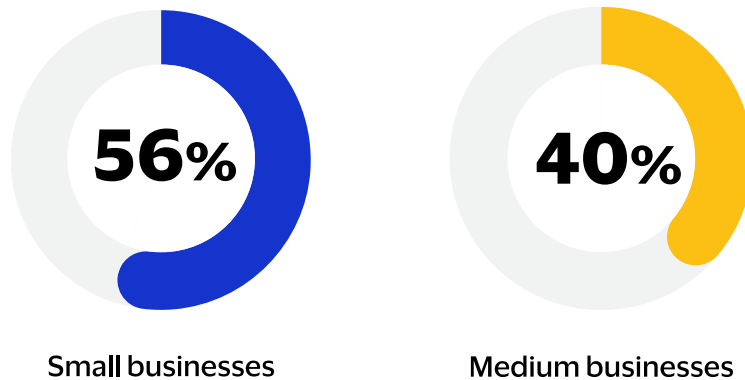
Satisfaction with financial processes

Fewer SMEs are satisfied with their organisation's working capital management



While Malaysian MSMEs are embracing digital payments, cash usage continues to persist among more than half of all firms, especially among smaller companies and street vendors.

### Cash usage among small businesses vs medium businesses



When asked about their payment preferences, some Malaysian MSMEs view cash as a more convenient form of payment, while others consider it to be more cost-effective. When it comes to unplanned expenses, cash is also a favoured option among 44% of respondents.<sup>32</sup>

Mr. Roy Choudhury highlights that despite merchants' preference for using cash, there is a significant lack of understanding regarding the "cost of cash."

Collecting cash is extraordinarily inefficient, with risks of theft or loss. Additionally, while reconciling cash across multiple channels, there is also the dilemma of whether collections are being tagged to the right receipt. "Businesses end up losing clarity on their financial position, which relies on accurate data," he says.



<sup>32</sup> SME Digital Banking and Payment Needs: Malaysia Research findings, Visa, June 2024.

# 05

## DIGITALISATION PAIN POINTS FOR MALAYSIA'S MSMEs

As Malaysia's small businesses take strides towards a more digital future, challenges will inevitably emerge. Some include:

### High costs, scarce skills

As macroeconomic uncertainties persist, Malaysian MSMEs are grappling to balance heightened costs against the need to invest in their own growth. Among surveyed respondents, 35% of businesses cited this as a top banking and financial challenge, with smaller businesses experiencing greater pressures. Working capital management was also highlighted as a top issue for 31% of Malaysian MSMEs.<sup>33</sup>

In these cases, MSMEs can turn to advanced banking or an accounting platform to better manage their cashflow and gain insights into areas where spending can be optimised. Adopting these tools will also be helpful considering the advent of Malaysia's e-invoicing mandate, set to impact MSMEs from 2026.

Adopting these tools, however, is not without its own challenges. As MSMEs adopt newer technologies, they will also need more digitally-skilled workers to manage these tools, leading to even higher operating costs. These dual pressures can hamper MSMEs' attempts to digitalise further.<sup>34</sup>

As a workaround, MSMEs could consider adopting financial solutions such as **Visa Accept**, which quickly transforms smart phone devices into digital payments systems, thereby cutting out the upfront costs of setting up NFC-enabled machines or hiring more skilled workers.<sup>35</sup>

Similarly, Visa's **Click to Pay** integration allows MSMEs to ride the wave of online commerce and integrate payments into their existing digital channels.

<sup>33</sup> SME Digital Banking and Payment Needs: Malaysia Research findings, Visa, June 2024.

<sup>34</sup> Ibid.

<sup>35</sup> Tap to Phone, Visa, <https://www.visa.com.sg/run-your-business/small-business-tools/tap-to-phone.html>



### Data privacy risks

The proliferation of digital platforms brings with it increased risks of attacks by bad actors or leaks of sensitive data. Moreover, MSMEs are at a greater risk of falling prey to fraud due to lack of experience and are less likely to have significant resources to invest in major cybersecurity infrastructure.

Therefore, it's not surprising that for more than half of Malaysian MSMEs, cybersecurity and data privacy were part of their top three digitalisation concerns.<sup>36</sup> Underscoring these findings is the fact that in just the first half of 2024, businesses and organisations in Malaysia encountered 19.62 million cyberattacks.<sup>37</sup>

To help MSMEs address these challenges, Visa leverages its in-depth experience and trusted payments network to securely facilitate billions of transactions globally.<sup>38</sup>

Solutions like **Visa Token Service** and **Cybersource** use tokenisation and fraud detection to protect transactions. Cybersource also helps businesses to seamlessly integrate payment methods, across channels and geographies, ensuring robust fraud and payment security management.<sup>39</sup>

By collaborating with issuers and acquirers to integrate these technologies, Visa is building a safer financial ecosystem that protects sellers, as well as strengthens consumer loyalty and confidence in digital payments.

<sup>36</sup> SME Digital Banking and Payment Needs: Malaysia Research findings, Visa, June 2024.

<sup>37</sup> Cybersecurity: How Malaysian SMEs are tackling increased network attacks, The Edge Malaysia, March 24, 2025, <https://theedgemalaysia.com/node/748656>

<sup>38</sup> VisaNet: The technology behind Visa, Visa, 2013, <https://www.visa.com.my/content/dam/VCOM/download/corporate/media/visanet-technology/visa-net-booklet.pdf>

<sup>39</sup> Accepting payments has never been easier, Cybersource, <https://www.cybersource.com/en.html>

### Blurred business and private spending

Malaysian MSMEs are no strangers to card payments, with high levels of usage across debit and credit cards. However, there is often a blending of use cases, with MSME owners using their own personal cards for business expenses.

Among surveyed respondents, 75% of MSME owners reported using their own personal debit or credit cards for business transactions, with usage higher for urgent purchases.<sup>40</sup>

Although MSME owners may use their own cards to blend personal and business expenses in favour of speed and convenience, this can often result in inefficiencies and more complicated accounting that is prone to errors and misreporting.

Having a business card can be more beneficial for MSMEs, as these offer owners a path to streamlined financial processes and enable clear and organised record-keeping. Business cards also lay the groundwork for access to more sophisticated financial services down the line, such as higher credit limits or rewards.

MSMEs can also leverage advanced financial solutions such as Visa's business reporting and analytics solutions to improve their spend management and cashflow.

<sup>40</sup> SME Digital Banking and Payment Needs: Malaysia Research findings, Visa, June 2024.

## 06

## MEET MALAYSIA'S TECH-SAVVY STREET VENDORS

**The humble street vendor is a stalwart of the Malaysian MSME economy.**

Over the years, these businesses have grown considerably and number at least 190,600 in 2023.<sup>41</sup>

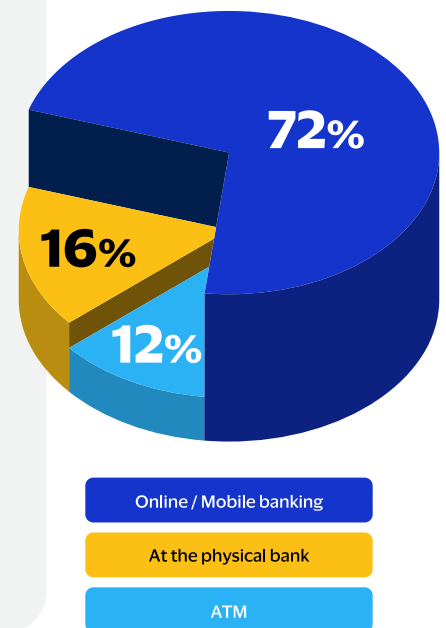
Despite their small size, they are not to be underestimated in terms of productivity. Street vendors generate a substantial amount of revenue for the local economy. In 2021, Malaysian street stalls and kiosks saw total retail sales of US\$1.8 billion, which is expected to grow at a CAGR of 8.8% from 2021-2026, with the potential to reach an estimated US\$2.8 billion by 2026.<sup>42</sup>

### How Malaysia's street vendors pay

Though street vendors in Malaysia tend to run lean outfits, setting up low-budget stalls along roadsides, in food courts, or night markets, these entrepreneurs are tech-savvy. According to Visa's survey, 64% of street vendors have digitalised their sales functions, while 57% have even moved their marketing online.<sup>43</sup>

Though cash remains their transaction method of choice, 72% of street vendors report using online or mobile banking solutions to access their business proceeds. There is also a growing cohort of street vendors who are accepting digital payments — such as QR code-based payments. This suggests that there is a growing momentum for digitalisation among street vendors.<sup>44</sup>

Format in accessing business proceeds



<sup>41</sup> Hawkers and Hawking Space in Malaysia: A Case Study, Khazanah Research Institute, Jan. 27, 2025, [https://www.krinstitute.org/assets/contentMS/img/template/editor/NEXUS\\_DP%201%20Hawkers%20Case%20Study%20-%20Final.pdf](https://www.krinstitute.org/assets/contentMS/img/template/editor/NEXUS_DP%201%20Hawkers%20Case%20Study%20-%20Final.pdf)

<sup>42</sup> Sector Trend Analysis – Foodservice Profile – Malaysia, Agriculture and Agri-Food Canada, <https://agriculture.canada.ca/en/international-trade/market-intelligence/reports-and-guides/sector-trend-analysis-foodservice-profile-malaysia>

<sup>43</sup> SME Digital Banking and Payment Needs: Malaysia Research findings, Visa, June 2024.

<sup>44</sup> Ibid.



## The cash conundrum

Perhaps more than any other MSME cohort in Malaysia, cash is still prevalent among street vendors. Among surveyed respondents, 54% of street vendors use it often and 41% prefer it the most.<sup>45</sup> When asked what is stopping them from shifting towards digital options, street vendors often cite a lack of knowledge and skills for managing these platforms, as well as concerns about the high costs of adoption.

Yet, cash has many drawbacks — it's easier to steal or misplace and more difficult to manage, leaving many vendors unable to track their income and expenses accurately. They may even lose out on potential customers who want to pay digitally, a growing issue as digital adoption continues to rise.

<sup>45</sup> SME Digital Banking and Payment Needs: Malaysia Research findings, Visa, June 2024.

07

## THE VISA DIFFERENCE

**Though change can be slow, street vendors are fast learning the benefits of shifting to digital transactions.**

Based on Visa's survey, a majority of street vendors acknowledge that they find it convenient to use and accept digital payments. Some street vendors also report that adopting digital payments has made their business more productive, helping them increase both revenues and sales.<sup>46</sup>

**98%** agree that accepting digital payments has helped them reduce the hassle of handling cash during peak hours of operation.

**95%** agree that digital payments mean faster sales and instant payments.

With cash persisting as a form of payment for street vendors, it's clear that more must be done to bring these businesses into the formal economy and digital future.

Visa supports the digital transformation of street vendors with a range of digital payment solutions, which are easy and affordable to implement. Solutions such as **Visa Accept** can instantly enable street vendors to accept debit card payments from customers, simply by using their smartphones without necessitating the set-up and costs for a separate point of sale (POS) terminal.<sup>47</sup>

"The ability to collect payments is important, perhaps even more so than payments itself," says Mr Roy Choudhury. "If businesses can't collect revenues efficiently, then they won't be able to pay their suppliers on time, and that could cause a ripple effect across the supply chain."

“

**As a trusted payments provider, Visa aims to provide clear and seamless solutions, so that business owners can focus on doing what matters the most – driving sales, saving costs, and finding the best suppliers.**

”

**Mr. Roy Choudhury**

Vice President and Head of Commercial & Money Movement Solutions at Visa in Southeast Asia

<sup>46</sup> SME Digital Banking and Payment Needs: Malaysia Research findings, Visa, June 2024.

<sup>47</sup> Neurogine MPEX (L) Ltd, Visa, <https://partner.visa.com/site/partner-directory/neurogine-mplex-ltd.html>

As the world's largest payments network, Visa facilitates transactions between consumers, merchants, financial institutions, and government entities across more than 200 countries and territories. Its comprehensive suite of B2B solutions simplifies payments for Malaysia's MSMEs, while also giving them unprecedented access to in-depth data analytics and insights into day-to-day operations.

These services are only becoming more important as Malaysia's MSMEs continue to explore the possibilities of cross-border trade, primarily driven by the power and accessibility of e-commerce platforms.

Visa supports Malaysia's MSMEs as they expand their overseas customer bases by providing multi-currency collections solutions via fintech partners. The true benefit of these solutions lies in the way they minimise the "cost of error" for MSMEs as they go about the often-complex work of cross-border business.



It could take a long time to do reconciliation manually and there could be mistakes. The result of an error is having to redo it all over again, which could impact making timely payments to suppliers and inadvertently raise the cost of goods.

Gaining access and clearer visibility of internal financial data also opens new avenues for financing, a major and persistent issue for Malaysian MSMEs, especially street vendors. According to the SME Finance Forum, Malaysian MSMEs face a US\$21.5 billion funding gap, a problem largely attributable to businesses having a lack of credit history.<sup>48</sup>

The opacity of data has restricted many business owners from accessing effective borrowing options. However, with trustworthy data sources, MSMEs can connect with financial institutions, and the lending process becomes more accessible and reliable for all.

<sup>48</sup> Malaysia's development banks told to plug lending gap for MSMEs, Asian Banking and Finance, May 2025, <https://asianbankingandfinance.net/lending-credit/event-news/malysias-development-banks-told-plug-lending-gap-msmes>

**Visa Commercial Pay** offers a one-stop solution to help businesses improve their cash flow and seamlessly digitalise manual processes.<sup>49</sup> Featuring an easy-to-use interface, the solution allows businesses to access all their financial and operational data, while also automating reconciliation processes — all within a single, secure platform. With Visa Commercial Pay, business owners can manage issuance of virtual cards to employees, enabling a clean separation between personal and business expenses. From the centralised interface, MSME owners can access streamlined yet highly secure reconciliation capabilities that ensure an unprecedented degree of control over their business spending.

A virtual card lets businesses control how company funds are spent. Not only does it allow MSMEs to democratise spending capabilities, but it also provides them with insights and analytics into how they are spending across the business. Virtual cards are also effective at solving pain points that are specific to certain sectors, such as construction or logistics, where projects can comprise long chains of subcontractors and transactions. To address these sectoral concerns, Visa has identified partners in its extensive global network to offer its services.

For cross-border money movement, **Visa Direct** connects cards, currencies, and markets globally. Among the world's largest digital payment networks, it integrates 160 currencies all over the world in over 195 countries and with over 11 billion endpoints.<sup>50</sup> Similarly, for transactions of larger value, **Visa B2B Connect's** non-card-based payment network allows seamless bank-to-bank cross-border business transactions.<sup>51</sup>

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**We know we can't solve everything ourselves. Traditionally, our partnerships were limited to banks and fintechs, but that's evolving to include Service-as-a-Solution (SaaS) firms, enterprise resource planning (ERP) providers, accounting platforms, and so on.**

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Mr. Roy Choudhury

Vice President and Head of Commercial &  
Money Movement Solutions at Visa in Southeast Asia

<sup>49</sup> Malaysia's development banks told to plug lending gap for MSMEs, Asian Banking and Finance, May 2025, <https://asianbankingandfinance.net/lending-credit/event-news/malysias-development-banks-told-plug-lending-gap-msmes>

<sup>50</sup> Move money globally with Visa Direct, Visa, <https://usa.visa.com/products/visa-direct.html>

<sup>51</sup> Visa B2B Connect, Visa, <https://developer.visa.com/capabilities/vba>

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## CONCLUSION

Malaysia has arrived at a crossroads in its digital evolution. As more small business owners adopt and use digital platforms, more customers will become willing to use these tools, resulting in a positive virtual cycle that uplifts everyone. These changes herald the beginning of a new era for Malaysia's MSMEs, and by extension, the underserved communities throughout the country — an era in which prosperity and opportunities become available to all.



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