

New courier service licence freeze positive for industry — experts

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Pos Malaysia will still be the player with the largest network, said an analyst. (Photo by The Edge)

KUALA LUMPUR (Oct 26): The Malaysian Communications and Multimedia Commission (MCMC)'s move to freeze all new courier service licences for two years has been welcome as positive for the industry as a whole.

GD Express Carrier Bhd (GDEX) managing director and group chief executive officer (CEO) Teong Teck Lean told theedgemarkets.com that while the move would not have any impact on GDEX as there are already many courier companies in the market, it is a good indication that the regulator is taking a serious look at the industry.

According to Teong, who is also the president of the Association of Malaysian Express Carriers (AMEC), there are currently more than 111 players in the market.

However, he opined that competition would remain stiff, with new start-ups backed by huge funds fuelling their growth and volume by dumping service prices.

"As Malaysia has ambitions to be a regional hub for logistics, especially e-commerce logistics, we need a few regional champions in Malaysia. The freezing of new licences is the first step to make the industry an important enabler of e-commerce in the region," he said, adding that the regulator should set a level playing field for local companies.

According to Teong, the MCMC is currently engaging with Pemandu Associates Sdn Bhd to assist the industry to chart a road map for a sustainable, reliable and healthy industry to support the growth of e-commerce in Malaysia and the region.

Hong Leong Investment Bank (HLIB) Research analyst Nazira Abdulla also opined that the MCMC's move is positive for the industry.

"Competition among courier services is stiff as most e-commerce websites have their own courier services. It is good to know that no more new players are coming in," she said.

Concurring with Teong, Nazira opined that the market would remain stiff, with more than 111 players operating.

"However, I think Pos Malaysia [Bhd] will still be the player with the largest network," she said, adding that the group's management had indicated an increase in volume amid the conditional movement control order (CMCO).

The MCMC said today that the regulator had frozen all new courier service licences for two years. The freeze on new licences is effective for the period of Sept 14, 2020 to Sept 15, 2022.

It said the decision was made under the licensing provision of the Postal Services Act 2012, and may be reviewed on a basis of needs.

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