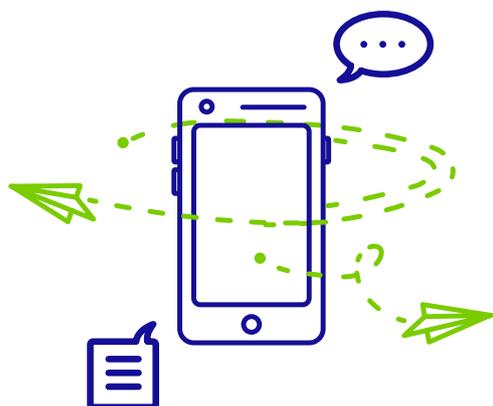


Protecting against the risks

The COVID-19 pandemic has irrevocably transformed the way we live and work, and with it, the global business and consumer landscape. It has accelerated the digital transformation agenda across all sectors, and demonstrated the inherent need for businesses to be digitally agile and able to innovate at scale, as a response to widespread uncertainty and disruption. With many unforeseen challenges presented during the past year, businesses have had to think of new distribution channels and innovative methods to reach their customers. In this context, adaptiveness and improving the customer experience have been ranked very highly by Malaysian firms as key business priorities for the coming year¹.

KEY THEME 1

Navigating digital-first communications



- **27.43 million** internet users, with internet penetration standing at **84%** (as of January 2021)⁵.
- Online retail sales grew **26.3% year-on-year** in December 2020⁶.
- Value of e-money transactions grew **14%** to **RM20.8 billion** in September 2020⁷.

Malaysia has one of the highest internet penetration rates in the region at 84%². With the enactment of the Movement Control Order (MCO), sustained over much of the past year, there have been restrictions on various social and work gatherings. Internet usage has skyrocketed as more consumers are confined to their homes. Estimates show that users spend an average of 9h 17min a day on the internet in 2020, up 17% from a year before (when usage averaged 7h 57min a day³). Being housebound and afflicted with “cabin fever syndrome”, consumers are increasingly turning to online channels for their entertainment and online purchases, from groceries and gaming to even bigger and more substantial items such as furniture. In fact, Malaysia’s e-commerce market has tripled in size since 2015, exceeding the US\$3 (RM12.7) billion mark in only 2019 and projected to reach US\$11 (RM46.6) billion by 2025⁴.

With the increasing pervasiveness of technology in all aspects of our lives today, consumers have come to expect greater personalisation and customer engagement, with a focus on creating customised experiences. More than ever, businesses will need to evolve and implement new innovative strategies so that they can meet customer needs and demands in today’s digital era. In a bid to deliver better customer experiences and touchpoints, businesses will eventually need to start embracing a digital-first communications approach. This however also brings with it new risks particularly where a large amount of sensitive data is involved, or digital infrastructure resilience is untested. Awareness of cyber risks and tools for mitigation against cyber threats also need to grow in the face of an evolving digital marketplace.

Beyond awareness alone, businesses will need to devise various strategies and undertake the right tools and partners for effective risk mitigation. Knowing is only half the battle.

RISKS & SOLUTIONS

For companies, it is not a matter of “if”, but “when” a cyber-attack will happen. Chubb’s cyber solutions include risk engineering services and pre-loss and incident response solutions to mitigate against cyber incidents which can cripple a company.

Potential business risks	Chubb insurance products/ services to consider
Storage of customer, employee and partner data in the cloud may increase risk of cyber breaches and electronic theft.	Cyber Crime
Collection of customer data creates legal risks. Without a full understanding of data privacy regulations, companies may find themselves in violation of laws like Personal Data Protection Act (PDPA) and more.	Cyber
Cyber breaches can lead to reputational risk and the need for crisis management.	Cyber
Loss of income due to a cyber breach.	Cyber
Litigation arising from social media interactions, e.g. libel or slander.	Cyber Professional Liability/Errors & Omissions (Media Liability)

¹ <https://www.zdnet.com/article/the-state-of-digital-transformation-in-malaysia/>

² <https://datareportal.com/reports/digital-2021-malaysia>

³ <https://datareportal.com/reports/digital-2020-malaysia>

⁴ <https://www.nst.com.my/business/2021/02/667882/malaysia-remains-attractive-e-commerce>

⁵ <https://datareportal.com/reports/digital-2021-malaysia>

⁶ <https://www.theedgemarkets.com/article/industry-40-sme-digitalisation-are-government-initiatives-really-effective>

⁷ <https://www.theedgemarkets.com/article/digital-payments-mco-turning-point-cashless-transactions-malaysia>

CASE STUDY

Meet Damien from Neeto Communications

HIS BUSINESS

Damien runs a 30-person public relations and communications agency. The pandemic has forced him and his team to work remotely with flexible work arrangements. This has led to a rise in new risks to his employees and the company's business reputation.

WHAT HAPPENED

A senior director from Damien's team attended a client media conference event while inebriated, behaving inappropriately and disclosing confidential information about an upcoming product launch, violating a non-disclosure agreement. This led to the client severing ties with Damien's business.

Damien terminated the director, who is now also filing a discrimination lawsuit against the firm for failing to abide by due process in his termination citing his seniority and age.

Chubb's Coverage

Chubb provided D&O liability insurance to address this issue.

Chubb's Directors & Officers Liability Insurance can be extended to cover Employment Practice Liability.



Please contact your insurance intermediary or Chubb for a tailored solution for your business.

chubb.com/digitalbusiness/my

This example is illustrative only. The claim scenarios described here are hypothetical and are intended to show the types of situations that may result in claims. These scenarios are not based on actual claims and should not be compared to an actual claim.

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Digital Business Accelerated

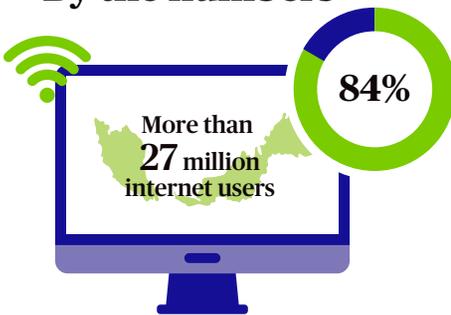
KEY THEME 1:

Navigating digital-first communications

With the increasing pervasiveness of technology in all aspects of our lives today, consumers have come to expect greater personalisation and customer engagement, with a focus on creating customised experiences. More than ever, businesses will need to evolve and implement new innovative strategies so they can meet customer needs and demands in today's digital era. ¹



By the numbers



More than **27 million** internet users in Malaysia, with internet penetration standing at **84%** (as of January 2021) ²



Online retail sales grew **26.3%** year-on-year as of December 2020 ³



Value of e-money transactions grew **14%** to **RM20.8 billion** as of September 2020 ⁴

Going Digital



Opportunities

- Expand reach and increase brand visibility
- Develop direct relationships with customers
- Facilitate gathering of customer insights to enhance and personalise user experience

1 - <https://www.zdnet.com/article/the-state-of-digital-transformation-in-malaysia/>

2 - <https://datareportal.com/reports/digital-2021-malaysia>

3 - <https://www.theedgemarkets.com/article/industry-40-sme-digitalisation-are-government-initiatives-really-effective>

4 - <https://www.theedgemarkets.com/article/digital-payments-mco-turning-point-cashless-transactions-malaysia>



Challenges & Risks

- Large amount of sensitive data is involved, or digital infrastructure resilience is untested
- Businesses have the responsibility to safeguard customer data and be prepared for potential cyber threats
- Cyber attack becomes a matter of “when”, not “if”

Refer to Risk and Product Factsheet for solutions
Visit chubb.com/digitalbusiness/my

