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EXCELLENCE IN SOCIAL SECURITY



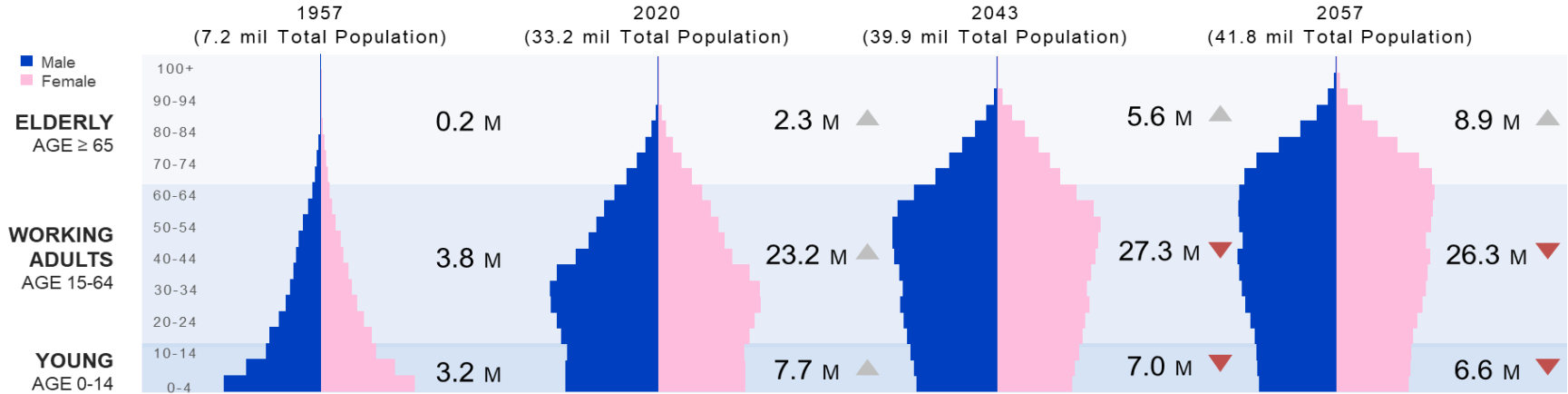
SOCIAL SECURITY FOR AGED SELF-EMPLOYED

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SOCIAL SECURITY FOR THE SELF-EMPLOYED AND PLATFORM WORKERS
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Malaysia is projected to become an “Aged” nation by 2043; “Super Aged” by 2057



Note: Ageing and Aged Nation phenomenon in this context refer to age 65 and above cohort to be classified as elderly

**RISING
DEPENDENCY RATIO**

2022 1 elderly per 9 working age adults
2060 1 elderly per 3 working age adults

**SHRINKING
WORKFORCE**

5.5%

Estimated decline in GDP growth per capita with every 10% increase in population aged 60+

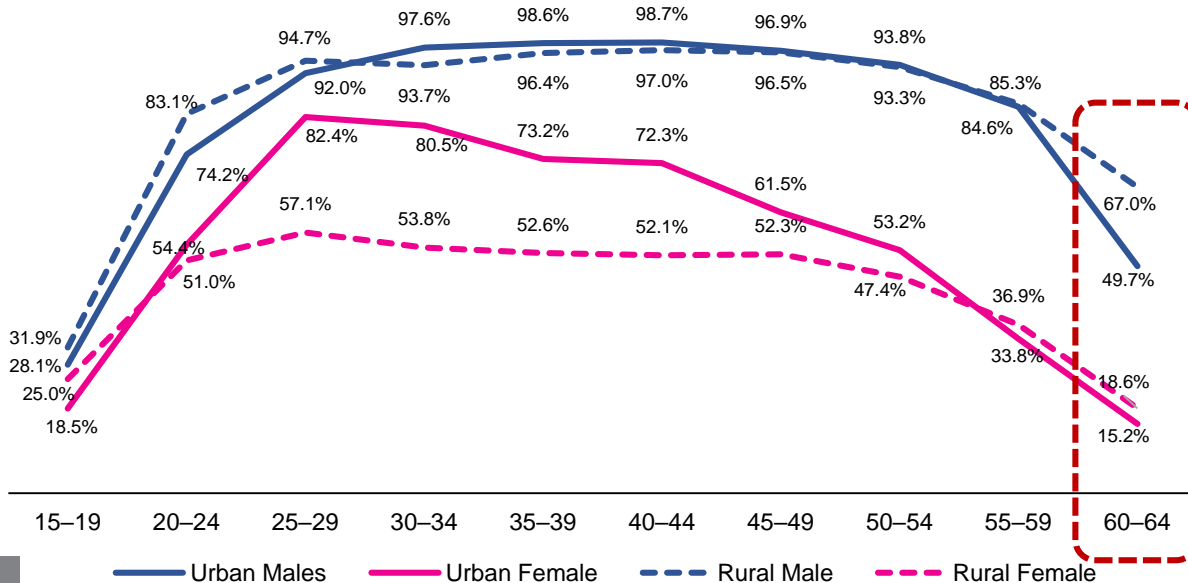
**INCREASING
HEALTH SPENDING**

33%

of total increment in health spending (by 2030) attributed to ageing-related health expenses

A large cohort of individuals are still working beyond the age of 60 years, mainly as self-employed

Labour Market Participation Rate



NATIONAL LEVEL

70.1%
2022: 69.3%



83%
Male
(2022:82%)



56%
Female
(2022:56%)

3.8M

Malaysians aged 60 years and above

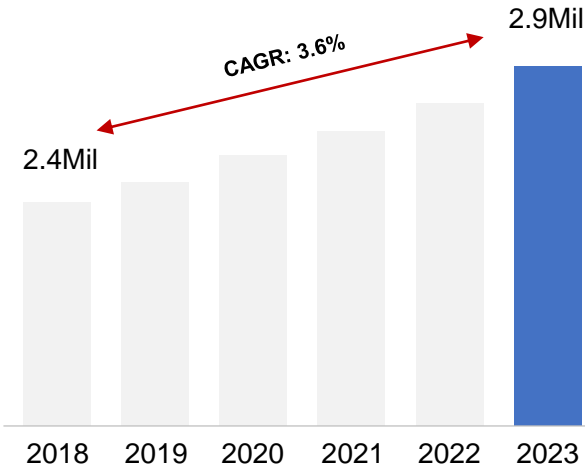
360K

EPF Active Members aged 60 years and above

Overview of the self-employment landscape in Malaysia

Steady growth highlighting the increasing shift towards self-employment

Self-employed in Malaysia from 2018 - 2023



5%

estimated annual growth

15% y-o-y growth in platform-based self-employment

10%

contribution to Malaysia's economy generated by micro-enterprises, which are largely driven by the self-employed sector

25%

of self-employed **use digital platforms**

- 48% e-Commerce and online retails
- 29% e-hailing and p-hailing drivers
- 18% Freelance and digital services
- 5% Content creation and influencers

Self-employed are vulnerable to financial shocks

LOW INCOME

75%

earns monthly income of **RM4,000 and below** (≤RM2,000: 40%)

Median monthly income: RM2,100

LOW BUSINESS SURVIVAL

1 in 2

businesses will not survive **beyond five years**

*But, **55% are the main income earners** for their families*

LOW EMERGENCY SAVINGS

55%

do not have sufficient savings to cover three months of expenses

*Due to **inconsistent income** and **highly dependent of seasonal work***

POOR HEALTH

60%

do not have adequate insurance coverage

*25% reporting significant **out-of-pocket expenses** for healthcare*

LOW ACCESS TO FORMAL CREDIT

1 in 3

carry high levels of personal debt (credit card and informal loans)

*Due to the lack of access to **formal credit facilities***

Approximately 15% to 20% of self-employed households are living below the poverty line, particularly in informal sectors like agriculture and small-scale retail

Only a small segment of the self-employed individuals contributing voluntarily to the EPF

578k

Voluntary Contributors in 2023

9% of the uncovered segment
of the labour force (6.2 million)



383k

i-Saraan incentive recipients in 2023

Total Contribution: RM 7.02 bil

Voluntary programmes should **supplement and not be the main basis of informal worker social protection** (The Centre, 2020)

Informal workers have shown preference to save in EPF

~70%

of the informal sector
agrees to contribute
through **auto-deduction at
source**

91%

would prefer contribution
rates that **differ from
workers in formal
employment**

45%

cited **low and uncertain
income** is one of the main
reasons for not supporting
auto-deduction at source

Source: UNCDF (2020)

The changing world of work calls for a **different approach in ensuring informal workers, including the self-employed are protected from vulnerabilities**

Strategies in response to the challenges faced by aged self-employed



1

COVERAGE EXTENSION

to informal workers,
including the self-
employed



2

ACCOUNT RESTRUCTURING

at both accumulation and
decumulation phases



3

EDUCATION AND AWARENESS CAMPAIGNS

to promote financial and
retirement literacy through
programmes, tools and
publications



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