

UNDERSTANDING Balance of Payments

Malaysia's Balance of Payments (BOP) statistics measure the **international economic transactions between Malaysia and the rest of the world** in terms of magnitude and types of transactions in current, capital and financial accounts. These statistics are published on a **quarterly basis** by:



**Department of
Statistics Malaysia
(DOSM)**

&



**Bank Negara
Malaysia (BNM)**

Basis of Compilation



Sixth Edition of the Balance of Payments and International Investment Position Manual (BPM6) of the International Monetary Fund (IMF)

BOP Framework

Current Account

tracks the balance of Malaysia's trade in goods and services, earnings from cross-border investments, and transfer payments

Goods

Services

Primary Income

Secondary Income

Capital Account

records transactions involving gross acquisition/disposal of non-produced non-financial assets and capital transfers

Capital Transfers

Acquisitions/Disposals of Non-Produced and Non-Financial Assets

Financial Account

reflects the flow of financial assets and liabilities between Malaysian residents and non-residents.

Direct Investment

Portfolio Investment

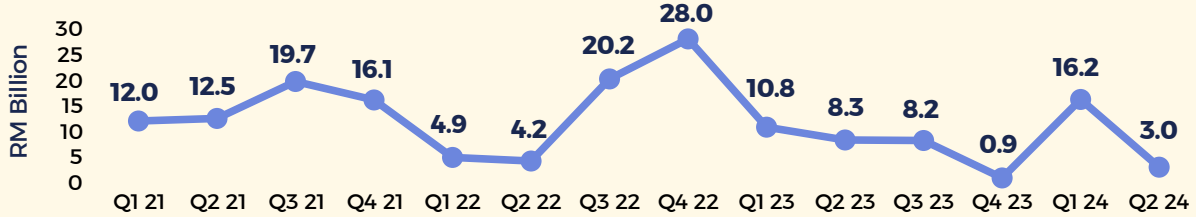
Financial Derivatives

Other Investment

Note: **FDI** and **DIA** are derived from the Direct Investment category

BOP at a Glance

Malaysia's Current Account Balance



Current Account

Goods



Surplus
RM24.6b

Surplus
RM32.0b

Services

Deficit
RM7.3b

Deficit
RM4.9b



Primary Income



Deficit
RM15.5b

Deficit
RM8.8b

Secondary Income

Surplus
RM0.3b

Deficit
RM1.1b



Note: Q2 24 Q1 24 , b refers to billion

Financial Account

Direct Investment



Inflow
RM3.8b

Outflow
RM6.0b

Portfolio Investment

Outflow
RM23.7b

Outflow
RM21.7b



Financial Derivatives



Outflow
RM0.6b

Inflow
RM1.2b

Other Investment

Inflow
RM9.8b

Inflow
RM35.6b



Note: Q2 24 Q1 24 , b refers to billion

How Approved Projects Impact the Balance of Payments

Case Study

Company A, a foreign-owned entity, plans to invest in Malaysia's semiconductor industry. The company has submitted an application for a manufacturing license through the InvestMalaysia portal to MIDA for evaluation and approval.

01 INVESTMENT APPROVAL

The NCI has approved Company A's application to establish a manufacturing plant in Malaysia. Company A plans to bring in capital to build and operate the facility, including advanced technology, machinery, and expertise.



02 FINANCIAL FLOWS IN BOP

As Company A moves toward investing in Malaysia, it begins transferring funds to the country in stages through the immediate source. This capital inflow will be recorded under Malaysia's Financial Account as FDI inflows in the Direct Investment category. These inflows may take various forms, such as equity and investment fund shares, reinvestment of earnings, or debt instruments.



03 CURRENT ACCOUNT IMPACT

- **Imports of Raw Materials:** During operations, Company A may import raw materials from other countries. These imports will be recorded in Malaysia's Current Account under imports of intermediate goods.
- **Export of Semiconductors:** Once the semiconductor plant begins production, the exported semiconductors will be recorded as exports of goods in the Current Account, positively contributing to Malaysia's trade balance.



04 FUTURE ECONOMIC IMPACT

As Company A expands its operations in the country, it will create jobs & transfer technology to Malaysians and strengthen the local supply chain. This growth will positively impact Malaysia's Balance of Payments by improving both the Financial Account and the Current Account. Any additional FDI from Company A to scale operations will also be reflected in the Financial Account.

