

Malaysia's ageing society and the silver economy



Philip O'Keefe

Professor of Practice

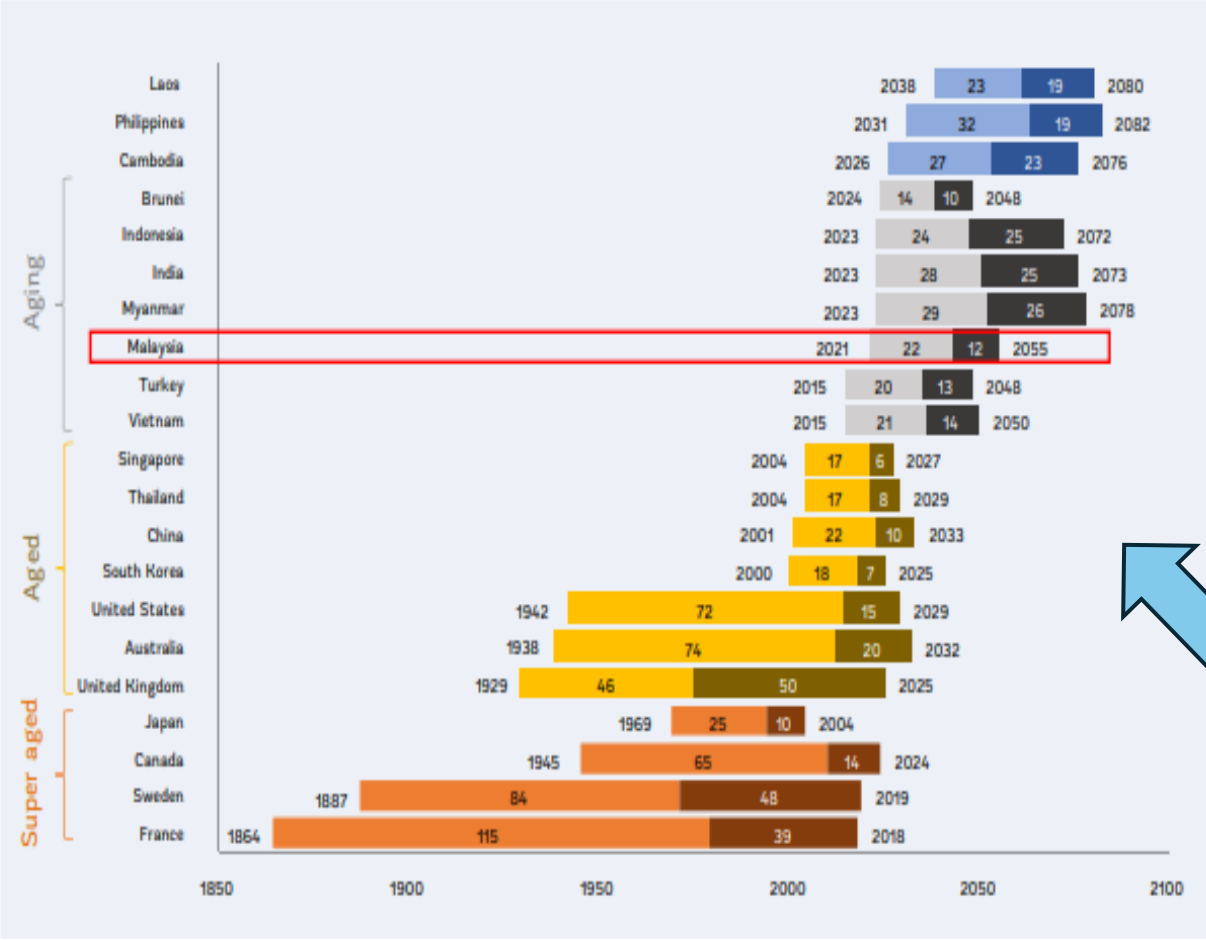
Centre of Excellence for Population Ageing Research (CEPAR), UNSW & World Bank Consultant

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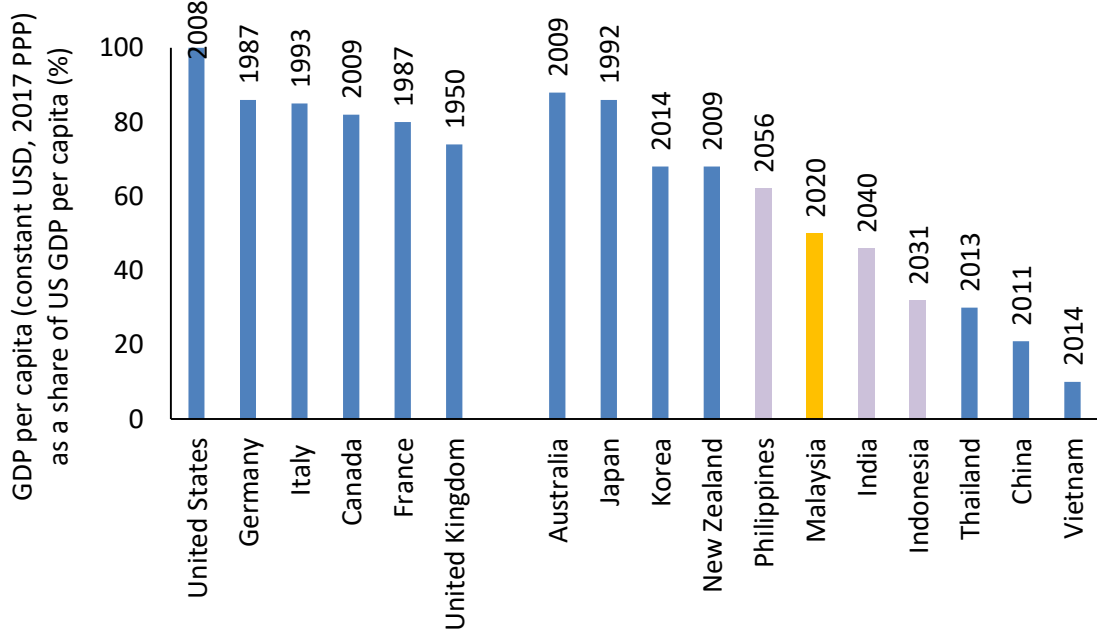
By 2043, Malaysia is projected to be an aged society & reach super-aged status only 12 years later...

Transition from ageing to aged and super-aged status by country, years



Ageing is also happening at much lower income levels than in OECD countries...

Peak working age population share PPP GDP per capita as % of US



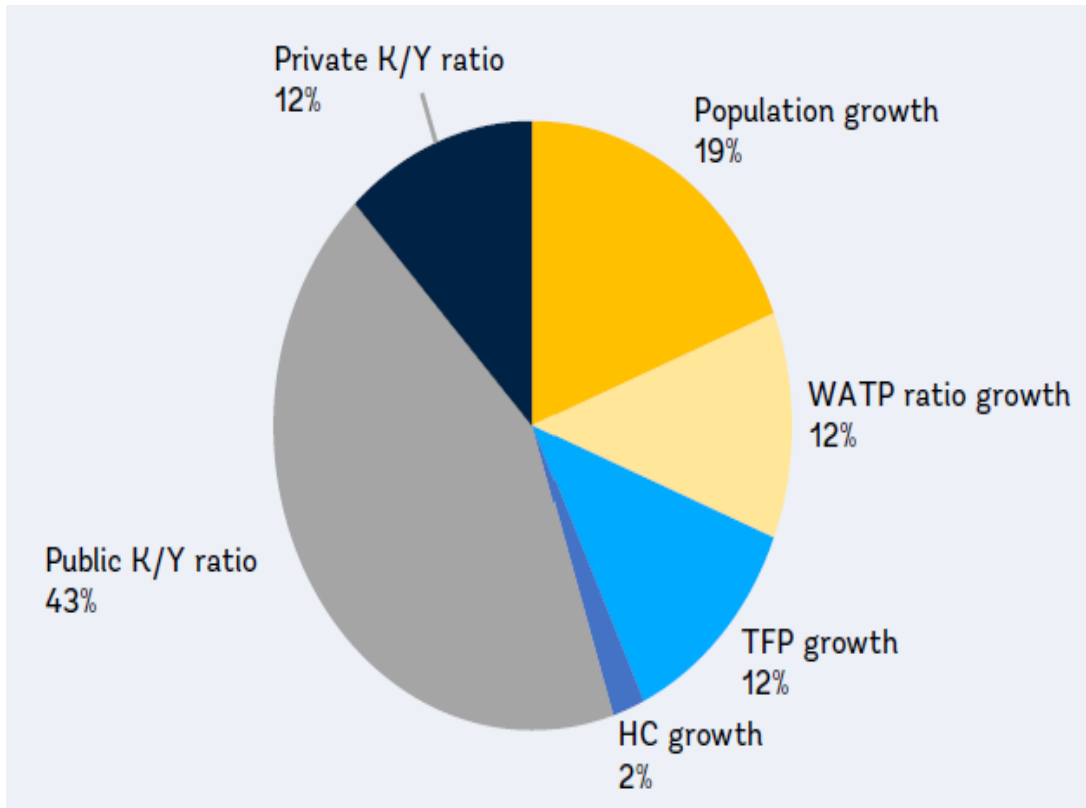
Source: IMF WEO database

Key driver is rapid fertility decline:
2022 TFR = 1.6

Source: World Bank staff calculations based on UN WPP 2022, DOSM 2023 and World Bank 2015

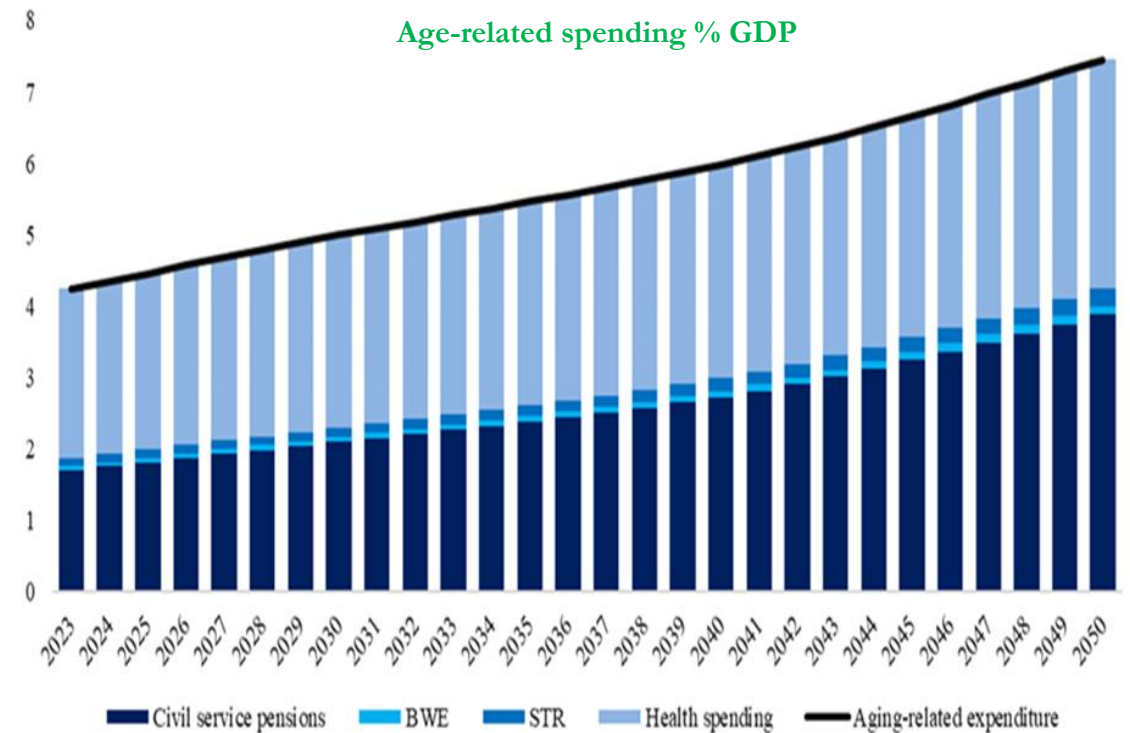
Demographic transition leads to a falling working age population share, lower economic growth and rising age-related public spending **in the absence of policy reforms**

Demographics will contribute around a third of Malaysia's total GDP decline till 2050 in a no-change scenario



Source: World Bank long-term growth model

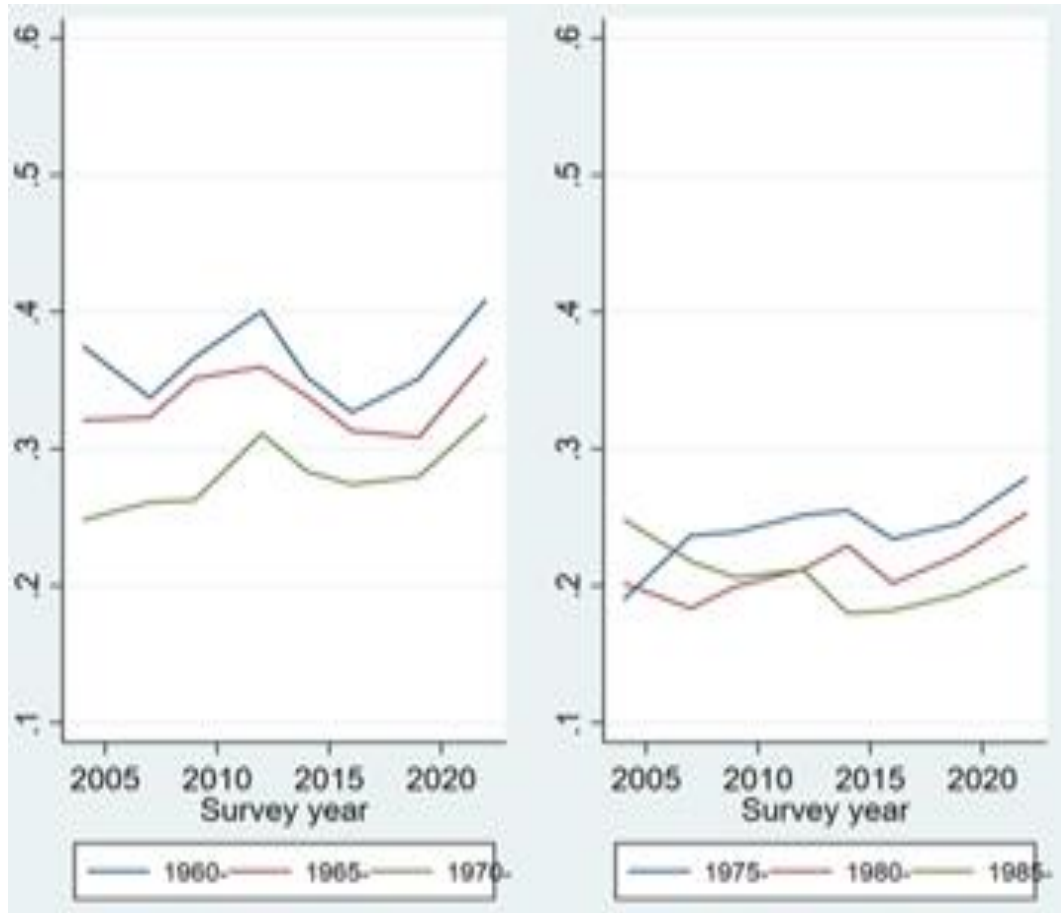
Fiscal pressures of ageing are substantial, including for public debt



Source: World Bank fiscal projection model

Without offsetting policies, societal ageing will also increase overall *inequality* in Malaysia

Inequality rises as cohorts age in Malaysia



Resulting over time in higher overall inequality as older cohorts account for higher population share:

- by 2043 – inequality projected to be 5.4% higher as result of ageing of the population
- by 2056 – inequality would be 8.5% higher due to ageing

Highlights the importance of progressive tax, transfer & subsidy policies

At the same time, the “silver” or “longevity” economy presents new economic opportunities...

The silver or longevity economy reflects the economic contributions of older persons & comprises three main channels of economic impact:

- **Direct effect:** Measures the economic benefit of the 50-plus cohort’s spending and activities
- **Indirect effect:** Encapsulates the activity driven by the supply chain as a result of procurement of goods and services from other businesses to support those providing goods and services to the 50-plus cohort
- **Induced effect:** Captures the impact of workers spending their wages on domestically produced goods and services. This supports activity across the spectrum of consumer goods and services & supply chains

“Malaysia will develop its silver economy to support aging population, allowing them to count on beneficial health and care services while enhancing their productivity ahead of retirement”

PM Anwar Ibrahim @ International Social Wellbeing Conference 2024

Multiple opportunities...

Health care & pharma

Care services

Smart homes

Silver tourism, incl.
medical tourism

Financial services

Food and beverage

Mature age learning, incl.
digital literacy

Robotics, IoT, AI &
games

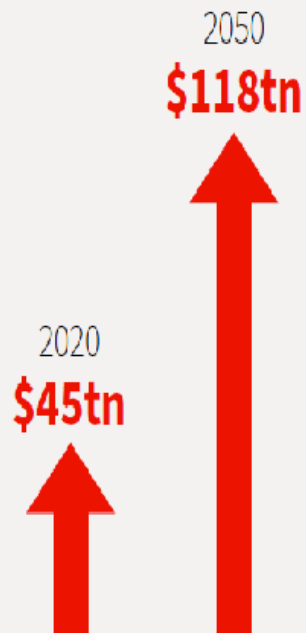
Healthy & active lifestyles

Driverless vehicles

The global silver economy is large and growing: projected global silver economy 2020-2050

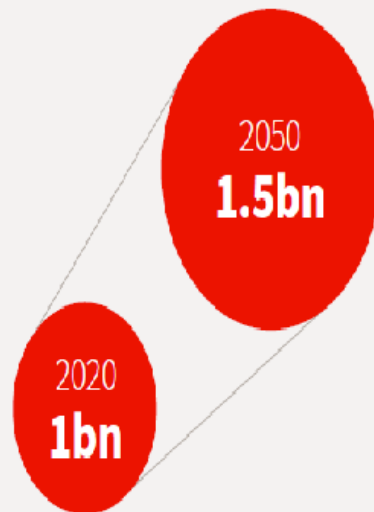
GDP impact:

\$45 trillion in 2020 vs.
\$118 trillion in 2050



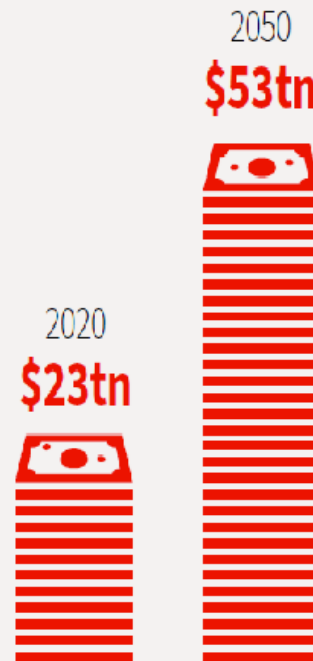
Jobs supported:

1 billion in 2020 vs.
1.5 billion in 2050



Labor income impact:

\$23 trillion in 2020 vs.
\$53 trillion in 2050



Consumer spending:

50% of global total in
2020 vs. 59% in 2050

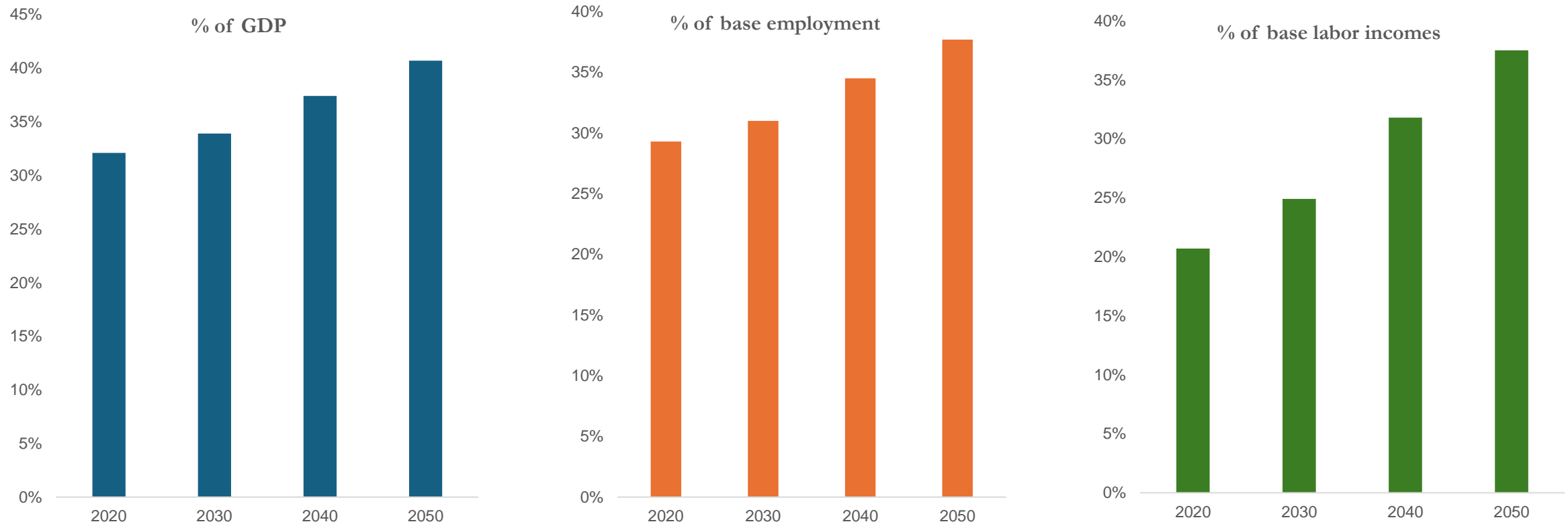


50-plus contribution not restricted by borders:

Close to 30% of their
impact on GDP in
2020 occurred outside
of the home economy



And the same is true for Malaysia: projected growth of silver economy in Malaysia, 2020-2050



Source: Accius, Jean, Justin Ladner, and Staci Alexander. The Global Longevity Economy® Outlook: People Age 50 and Older are Making Unprecedented Economic Contributions and Creating Opportunity for Every Generation. Washington, DC: AARP Thought Leadership, November 2022. <https://doi.org/10.26419/int.00052.001>.

Key areas for policy attention where ageing presents challenges and opportunities

Macroeconomic and fiscal policy

Employment, skills and education

Financial and social protection at older ages

Healthy longevity across the life course

Building an inclusive long-term care system

MOTIVATING CHALLENGES AND OPPORTUNITIES

Ageing lowers economic growth through declines in working age population & productivity growth. Fiscal spending and revenues are also affected

Decline in working age population impacts labour market, highlighting need to maximise labor force participation, human capital & productivity across the life cycle

Challenge of ensuring adequate financial protection at older ages becomes more acute – highlighting importance of inclusive social insurance & social assistance systems across the life cycle

Greater longevity is a triumph but creates new challenges to manage NCDs, sustain functioning and social connection with age & navigate end-of-life with dignity

To fill care gaps & meet increasing care needs, growing need for systematic development of inclusive LTC system built on home- and community-based care & public-private partnerships

All policies taking a lifecycle approach

Cross-cutting themes:

Gender Equity; Social Inclusion & Norms; Age-friendly Cities; Silver Economy; Cross-sectoral Governance

Terima kasih !