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PRESS STATEMENT

IDEAS: PADU is an important step in closing Malaysia's socio-economic gap but uptake and accessibility are key to ensuring its success

Kuala Lumpur, 4 January 2024: The Institute for Democracy and Economic Affairs (IDEAS) welcomes the long-awaited launch of the Central Database Hub (PADU), a much needed move from the government to better track individual and household data through a centralised, near real-time database. However, questions remain on whether this platform will be utilised by agencies and public corporations that provide social assistance and subsidies, and its accessibility for vulnerable groups. The government also needs to address concerns over personal data protection related to this database.

To ensure its success, uptake among ministries and the general public, especially among the vulnerable groups, is needed. Given that PADU is expected to be the country's most comprehensive database, it is expected to improve distribution of subsidies while enabling monitoring activities to be done in intervals in the medium to long term. Dr. Tricia Yeoh, CEO of IDEAS, stated, "IDEAS congratulates the government on this long-awaited initiative which, if run well, will be a game-changer. By targeting subsidies and types of aid, this will minimise target group inaccuracy, which in turn avoids unnecessary resource wastage. It is therefore crucial that initial flaws in the system be corrected in order for the database to meet its intended objectives efficiently and effectively. Further, the public would benefit from more clarity over the mechanism of how PADU will be utilised to roll out targeted subsidies as intended."

The lack of a centralised database has so far led to the implementation of broad subsidies, causing inefficient resource allocation and management, failing to reach those most in need of government aid and bridging Malaysia's socioeconomic gap. With a [centralised and harmonised database](#), the social protection system can be further strengthened and be more inclusive. According to the 2022 Household Income and Expenditure Survey (HIES), the National Poverty Line Income (PLI) value indicated a poverty incidence of 6.2%, representing 488,000 households, while the incidence of hardcore poverty was at 0.2%, representing 18,000 households. Policy and decision-making needs to be geared to target these groups. Targeted aid can be a powerful tool in alleviating poverty in Malaysia as we envision becoming a high-income country by 2028.

Furthermore, it is important to note that the success of PADU will also depend on the cooperation of different government agencies to share and streamline their existing databases at both the federal and state levels. This may require time and resources before the database can be fully optimised. Furthermore, data security measures need to be strengthened so that data breach incidents like the MySejahtera app case, which affected 3 million users, will not be repeated. Upgrading data security measures leads to improved public trust, which will then improve uptake among the general public.

Additionally, Dr. Juita Mohamad, Director of Research, IDEAS, highlighted that, “Although the PADU system mandates updates from all citizens aged 18 and above, it is crucial for the government to also introduce measures that ensure vulnerable groups in both urban and rural areas have equal access to the database so that their personal information can be updated online. Outreach and communication activities should be prioritised for groups with relatively lower digital literacy level, so that the needed support and aid can be received in a timely manner.”

To address the concern over personal data protection, it is crucial that the government introduces the Omnibus Act swiftly to include provisions on the treatment of personal data by the public sector, as previously announced. Furthermore, the Act will also enable data sharing and cloud storage to take place among government agencies.

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About IDEAS

The Institute for Democracy and Economic Affairs (IDEAS) is a nonprofit research institute, dedicated to promoting solutions to public policy challenges, focussing on three overarching missions – advancing a competitive economy, ensuring trust in institutions and promoting an inclusive Malaysia. IDEAS is Malaysia’s first independent think tank, free of personal interests and partisan influences.

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