

# **SURVEY OF PEOPLE HOLDING THE MM2H VISA**

**Conducted by**



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**JULY 2019**

## **SUMMARY**

The survey was conducted in June 2019 to obtain feedback from people living here under the Malaysia My Second Home programme.

Although some 44,000 applicants have been approved for the programme most do not live here. The immigration department does not monitor who resides here and who holds the visa but lives elsewhere. Unlike the employment pass where nearly all people with the visa reside in Malaysia there is no requirement or need for MM2Hers to set up home here. However it is widely accepted that the number is quite small relative to the total number that have been approved. Over 30% of the approved applicants are Chinese but various sources advise that very few have chosen to relocate here. Another 10% come from Japan but again most seem to use the visa for long vacations not to relocate here

People join the programme for a variety of reasons with the following being the major reasons:

- Coming to settle and retire in Malaysia
- To spend extended periods here without having to apply for the visa
- To set up a home for their family when the working spouse is employed outside Malaysia
- To have a place to flee if the situation in their own country becomes worse
- To accompany their children while they are being educated in Malaysia
- Because the MM2H visa was included with their property purchase

This survey focuses on those people, who have chosen to set up a home in Malaysia.

Probably because it was in English, it received no replies from any Chinese visa holders and only a small number from Japanese and Bangladeshis who are the second and third largest groups of applicants.

The survey clearly shows most people are happy with their decision to joining the programme and relocate here. The survey indicates certain areas where the government could make changes which would improve the programme both for the applicants and Malaysia. These are covered in the last section of this report.

## **DETAILED FINDINGS**

There were over 200 respondents from 31 different countries, although 60% came from four countries - UK, USA, Australia and Netherlands.

Just under 40% of the respondents lived in the Klang Valley closely followed by 32% who lived in Penang, After that the most popular states were Kedah, Johor and Melaka. 7% lived in Sabah and Sarawak where the MM2H eligibility requirements are a little different from west Malaysia.

Only 8% of respondents were under 50 which is consistent with the application flow for the programme which primarily attracts older applicants. The largest group of respondents fell into the 60 to 69 age group but 30% were older.

When asked how many months a year they typically spend in Malaysia, most replied that they lived here all year or at least 9 months a year however some spent less time as can be seen in the following summary.

<b>TIME IN MALAYSIA EACH YEAR</b>	
12 months a year	53%
9 month or more	17%
6 months or more	17%
less than 6 months year	13%

Around one third of the respondents had joined the programme in the last five years but 10% have been in the programme since before 2005.

40% of the respondents said they had lived in Malaysia before joining the programme suggesting this is a major reason why some people have joined the programme. It is worth noting that only 17% had not lived outside their own country before joining the programme indicating, not surprisingly, that the programme has limited appeal to people who have not experienced living overseas before.

However, a number of this group had ties to Malaysia through business trips and marriage which is also clearly a factor in their decision to apply. The results support the view that generally people who have experienced Malaysia and this part of the world are more likely to join the programme.

#### **VIEWS ON THE PROGRAMME**

When asked to give an overall rating for the programme 87% gave it a rating of seven or more out of ten making it clear the general satisfaction level is high. The ones with the less favourable rating tended to be unhappy with some of programme requirements rather than their life in Malaysia.

The most frequent complaint was the requirement to place a fixed deposit in the bank as it was felt their spending in the country should be sufficient. Some complained about the frequent changes to the rules or the service they had received by authorities. Others complained about the high minimum price for foreigners to buy property saying that older people often just want a small place and do not want a place costing over RM1 million. (Note the rules for MM2Hers are different from state to state as are the average cost of property. It is clear each state has a very different view of the value of having MM2Hers settle there).

In terms of remaining in Malaysia for the rest of their life, the majority (72%) of respondents said they planned to stay here, while others had not yet decided. Only 5% said they had definite plans to leave in the next two years. The reasons stated for leaving were because they felt their home country had better care for old people, often available for free, or they would like to be closer to their families in their old age. Very few stated it was because they were not happy living in Malaysia or with the MM2H programme itself. Only one person stated they planned to relocate to another country, (the Philippines) as he felt they offered a better programme.

## **BENEFITS**

When asked whether they were satisfied with the current programme benefits, just over one third (39%) said they were fine with the current programme, while the same number said they were satisfied with it but would be happy if some more benefits were added. The balance of 22% felt there were not enough benefits. When asked what benefits they would like the biggest request was to have ID cards issued to MM2Hers. Others, particularly the more recent applicants, were unhappy about the removal of the tax free car privilege, and those living outside of KL wished their local airport had separate lanes for MM2Hers.

## **MALAYSIA**

The respondents were overwhelmingly positive about their quality of life in Malaysia and were very happy with most aspects of their life in Malaysia. They were most positive about the food choices in Malaysia, the travel possibilities and the low costs of living. The friendliness of the Malaysian people and the fact that English was widely spoken were also positive factors about living here. In fact 26% of respondents said they mostly mixed with locals while 65% said they mixed with locals and expats and only 9% said they mostly mixed with other expats.

They also felt the weather and surrounding nature and wildlife were positives. Most respondents liked the cost and quality of local health, although a few had a more negative view of medical services. The major complaint about Malaysia was the quality of driving which is consistent with all previous surveys of expats living here. There were also negative comments about the local taxi service but favourable comments about Grab services.

Respondents were neutral about crime in Malaysia but most people felt it was not a problem with one third saying they felt completely safe living here and others saying they took precautions but generally felt safe. (Note: Generally people would compare Malaysia to places where they lived before moving here, so this is a very positive feedback.)

## **SPENDING - LIVING AND MAJOR EXPENDITURE**

Malaysia My Second Homers live quite well here spending, on average, around RM10,000 a month on general living expenses. While 16% said they spend less than RM5,000 a month, 14% said they spend over RM15,000 a month.

Well over half (59%) of the respondents said they had purchased an apartment or house with some having purchased land and built their own home. Most of the others rented, but some, who had married Malaysians, lived in property their spouse or their family owned.

Half of those who were renting joined the programme in the last three years and many people like to live here for a while before buying, so some of these will almost certainly become home buyers.

The amount spent by those who had purchased a home varied quite a bit. Over one third purchased a home for under RM1 million either because they lived in a state which set lower minimum prices for

foreigners with an MM2H visa or they had joined the programme when the minimum price was lower for all foreigners. At the higher end, a quarter of those who had purchased a home had spent over RM2 million on their property.

Even though most of the respondents had received their MM2H visa when they were permitted to bring in one car tax free, only 11% had chosen to do so. Some 20% decided not to buy a car while 70% of respondents said they had purchased a car in Malaysia. Of those who had purchased car here, a quarter of them had acquired two cars. Generally they chose smaller, more moderately priced cars with Toyotas and Nissans topping the list, closely followed by Protons and Peroduas. A few had chosen higher priced vehicle with BMWs Mercedes and Volvos being the most popular. A key factor here would be the high price of vehicles in Malaysia relative to most developed countries and the fact that as people get older they are often happier with smaller vehicles.

## **TRAVEL**

The vast majority of MM2Hers regard the travel possibilities as a major advantage of living here, both domestically and around the region. When it comes to regional travel, most of the respondents have taken recent trips to other countries. The survey specifically asked about visits to ASEAN countries in the last three years and the table below shows the percentage of respondents who have visited each country one or more times in that period. In the case of the top three countries quite a few people had visited them more than once in the last three years.

As can be seen, not many people choose to visit Laos, Myanmar and fewer still have been to Brunei. Laos and Myanmar are generally less well travelled and visits to Brunei seem to have been negatively influenced by the adverse publicity Brunei has received in recent years due to its stand on imposing Sharia law.

<b>Rank</b>	<b>Country</b>	<b>% Who Visited</b>
1	Singapore	79
2	Thailand	73
3	Indonesia	52
4	Vietnam	41
5	Cambodia	30
6	Philippines	24
7	Laos	15
8	Myanmar	15
9	Brunei	9

Nearly all respondents (83%) said they had travelled outside of ASEAN in the last year.

When it comes to domestic travel, 85% of respondents say they have taken one or more overnight trips in Malaysia in the last year, with nearly half having spent three or more nights on one or these trips. When asked to name their favourite places in Malaysia, around half did not have one but the other half

had found places they particularly enjoyed visiting. The places listed were quite varied, possibly indicating that when people find a place they like they tend to return rather than explore other destinations. Interestingly Penang and KL were the most popular places to visit indicating residents in one, enjoy visiting the other city. The other popular destinations named were Langkawi, Melaka, Cameron Highlands and Ipoh.

## **EMPLOYMENT**

Just over 20% of respondents say they still work but outside Malaysia. Only two respondents had received approval to work in Malaysia. MM2H participants are permitted to work up to 20 hours a week for a Malaysian company. The application process is not that easy and the employment has to be for one Malaysian company.

Two thirds of respondents said they would not work even if it was offered, but others would like to contribute if the government made it easier to get approval and relaxed the qualifying rules. A number have ideas for starting their own small business while others would like to do occasional consulting work. Some were interested in finding a teaching post if it were possible. Yet others have specific skills related to their past employment which they would be happy to pass on, given the opportunity.

## **CONCLUSIONS AND RECOMMENDATIONS**

It is not easy to locate MM2Hers because there is no record of which ones decided to live here as opposed to just hold the visa. The survey was directed at those who have decided to make Malaysia their home. The largest group of applicants are Chinese and they represent around 30% of all approvals although it is thought a very small percentage actually relocated to Malaysia. No Chinese nationals completed the survey and this may in part be because it was in English.

There is an overwhelmingly positive feeling towards the programme and living in Malaysia. It is clear that Malaysia is primarily attracting a relatively affluent crowd but not rich retirees. This is arguably a positive factor as they will be more likely to assimilate and not assume a superior attitude relative to locals.

Several key factors emerge from the survey which would improve the programme both in terms of its benefit to Malaysia and also the satisfaction of the participants. Our key findings and recommendations are as follows

### **MM2Hers which settle in Malaysia are worth much more than those who don't.**

Based on this survey the ones that live here collectively make a material contribution to the Malaysian economy. Based on this survey the annual spend of one thousand MM2Hers who live in Malaysia would total RM120 million a year and they would make capital purchases of around RM1 billion.

By contrast a thousand MM2Hers who chose not to live here and visited for say one month a year with an average daily spend of RM1000 would contribute around RM30 million to the Malaysian economy each year. That is a lot less and argues that the country should focus on those who relocate here.

Others that take the visa and rarely visit will make an even smaller contribution, other than their bank deposit. Some people, particularly Chinese, buy property and get the visa but do not relocate here. There is value in the property sale but that would be the extent of the financial benefit

It would also seem that it would be better to target those people who want to relocate here rather than just anyone who wants the visa since clearly they will make a much greater contribution to Malaysia's economic growth.

Since many MM2Hers complain about putting the bank deposit when they come to live here there is a strong case for rewarding them by waiving the FD requirement for those that buy property and settle here, or at least reduce the amount to a token sum.

### **ID Cards**

Many MM2Hers who move here ask why they cannot be given an ID card. No real explanation has been given for not giving them a card, other than an announcement stating there were "technical difficulties". Since millions of ICs are given to Malaysians it's not clear why they cannot be issued to MM2Hers. It could be restricted to those that move here and have an address in Malaysia.

### **Employment**

Although it is clear that most MM2Hers have no desire to work there are plenty that are happy to work part-time. They could be making valuable contribution to the country.

The current regulations are quite onerous and restrictive and the country could well be losing out on a unique talent pool by blocking them from working. The survey indicates a number of them are interested in doing occasional consultancy work or teaching and it makes sense to tap into this skill set.

We would recommend letting people over a certain age (say 50 or 60) take employment by simply registering with the authorities when they find employment. This way it would be recorded that they have reported their employment but it would be much easier for them to share their skills with any company or organisation which see value in learning from them. It is very unlikely that older foreigners are going to be taking jobs away from young, unemployed Malaysian so there should be no threat to the Malaysian work force. In fact they may well generate more jobs through their suggestions.

### **Final conclusion**

The MM2H programme is an excellent programme which could be making a material contribution to the Malaysian economy but currently the potential is largely being ignored. In fact the recent problems processing applications is having the opposite affect.

It is clear the MM2Hers like to integrate into society and generally being older are more respectful of local cultures and want to live peacefully. There seem to be no basis for some peoples' concerns about the disruptive effect of thousands of retirees living here. They are self-sufficient and given that the

Malaysian population is growing by over 500,000 a year, a few thousand foreigners are not going to have a material negative impact.

Often overlooked are the non-financial benefits of the programme. The fact people from other countries choose to spend the last years of their lives in Malaysia is a strong endorsement of the country. It says a lot about what Malaysia has to offer and can serve as reassurance to investors from non-Muslim countries who fear they will not feel comfortable living in a Muslim country.

MM2Hers can also contribute to inbound tourism as many of their friends and relatives come to visit and their regular travel around Malaysia contributes to domestic tourism.

It can be a programme which makes a welcome contribution to Malaysia's economic growth but this opportunity is currently not being fully exploited. In fact, to our mind, it has s three major plus factors - it helps grow consumer spending, its provides selected foreigners an enjoyable lifestyle in their older years and it can help create a positive image of Malaysia internationally.