



INFORMATION ECONOMY REPORT 2015

Unlocking the Potential of E-commerce for Developing Countries

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E-Commerce in Focus

- More and more goods and services traded online
- Transformational → both opportunities and challenges
- Crucial for small and medium-sized enterprises (B2B and B2C)
- Highlighted in international fora:
 - WTO Work Programme on E-commerce
 - World Summit on the Information Society 10-year review
 - Trade negotiations
 - Trade in Services Agreement (TISA)
 - Trans-Pacific Partnership (TPP)
 - Trans-Atlantic Trade and Investment Partnership (TTIP)



Implications of E-commerce

- Access global value chains
- Access to markets/exports
- Access to suppliers/imports
- Higher productivity
- More competition
- Greater consumer choice
- Job creation
- Risk of fraud
- Costs of adaptation
- Risk of crowding out
- Risk of losing tax revenue
- Risk of job losses
- Risk of widening divides





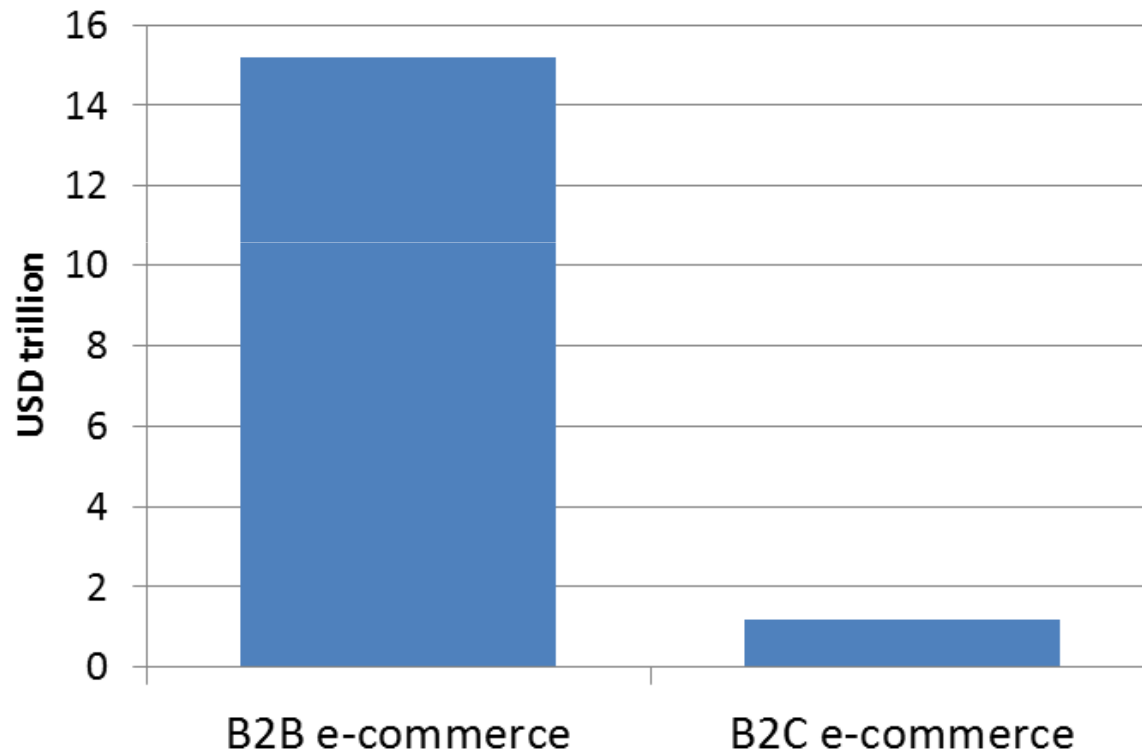
Different e-commerce transactions

- **Business-to-business (B2B)**
 - Online sales between enterprises, including linked to outsourcing and offshoring.
 - Online presence needed for SMEs to participate in value chains.
- **Business-to-consumer (B2C)**
 - Involves sales by "pure play" e-commerce enterprises and traditional bricks-and-mortar firms adding online sales channels.
 - Many ways to reach consumers: social networks, crowdsourcing, e-commerce websites, mobile applications.
- **Consumer-to-consumer (C2C)**
- **Government-to-business (G2B): e.g. e-procurement**



B2B by far the largest part of e-commerce

Global B2B and B2C global revenues, 2012-13

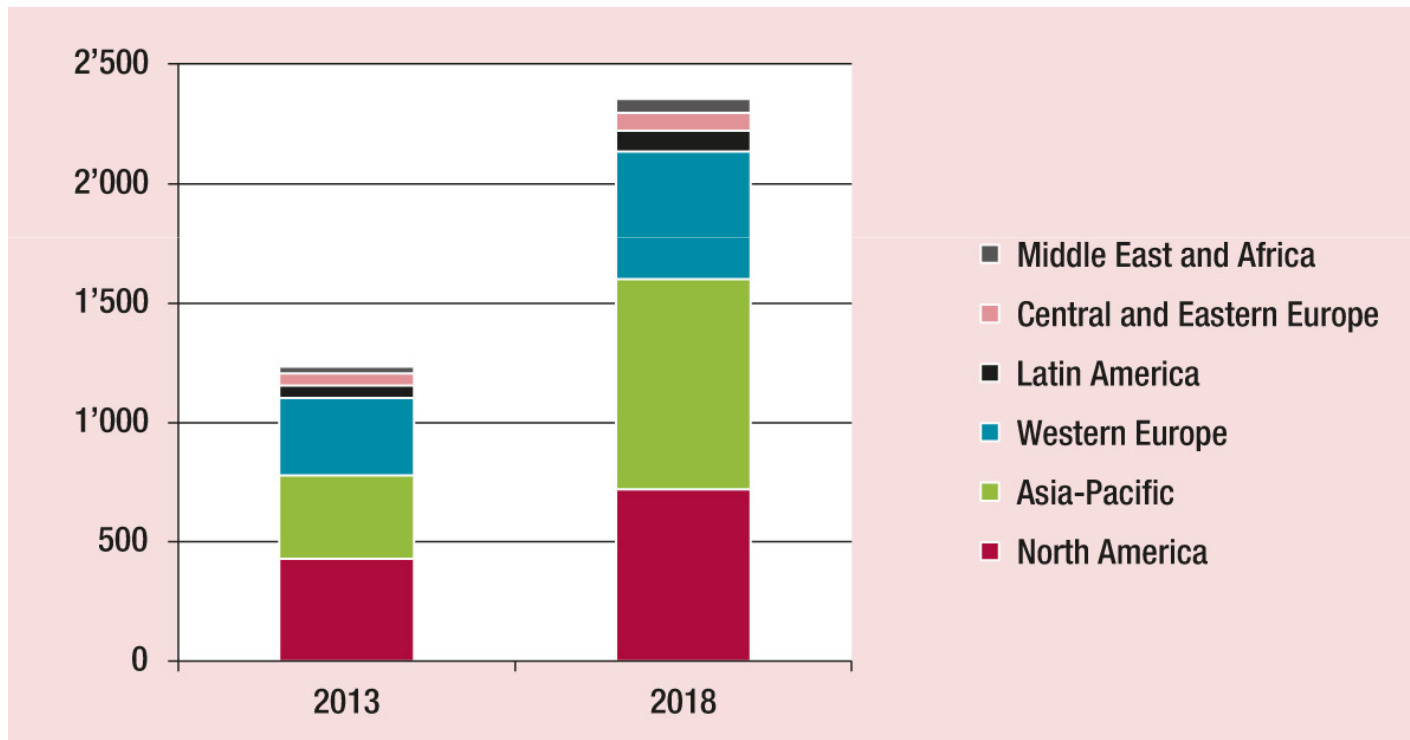


Source: UNCTAD estimates based on national sources, eMarketer, and others.



B2C e-commerce growing fast *especially in emerging economies*

B2C e-commerce sales, by region, 2013 and 2018 (\$ billions)



Source: eMarketer, July 2014.



10 Largest B2C markets, 2013

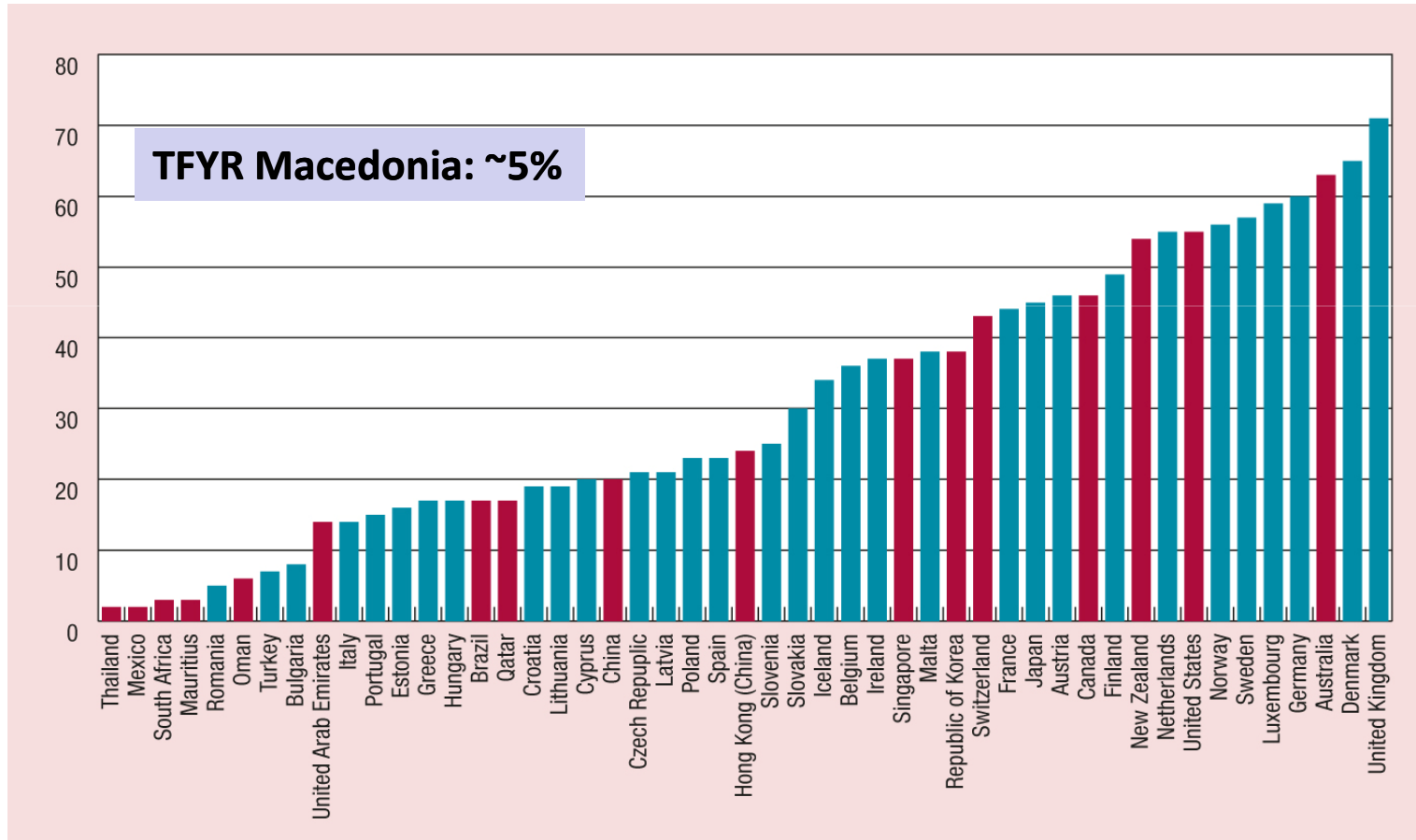
Country	B2C market 2013	Online buyers	
	(\$ billions)	Number in millions	Annual spend per buyer (\$)
China	301	271	1,111
United States	263	133	1,975
Japan	119*	55	2,171
Germany	52	33	1,593
United Kingdom	144	30	4,874
Russian Federation	13	20	662
Republic of Korea	22	19	1,195
France	68	18	3,688
Brazil	14	14	1,045
Canada	19*	13	1,446
Top ten total	1,016	605	1,679

Source: UNCTAD, based on national sources as indicated in the IER2015.

* 2012.

Share of individuals purchasing online 2013

Large variation across countries



Source: UNCTAD, based on Eurostat, ITU and national data (in red).



Payment methods for e-commerce

- Credit cards dominate at global level
- New methods growing in importance
- In Africa, cash on delivery is most used, while mobile payment is increasing

E-transactions value, by payment method, by region, 2012 (percent)

Region	Credit cards	E-wallets	Direct debit	Cash on delivery	Bank transfer	Other
United States and Canada	71	18	2	1	1	7
Europe	59	13	5	5	8	11
Latin America	47	10	4	8	13	18
Africa and Middle East	34	5	0	48	3	10
Asia and Oceania	37	23	1	11	14	14
World	57	17	2	5	7	12

Source: WorldPay 2014.



Barriers to E-Commerce

- Economic barriers
 - Inadequate ICT infrastructure and power supply
 - **Limited use of credit cards and under-developed financial systems**
 - Lack of purchasing power
- Socio-political barriers
 - **Weak legal and regulatory frameworks**
 - Cultural preferences for face-to-face interaction
 - **Reliance on cash in society**
- Cognitive obstacles
 - Poor ICT literacy
 - Lack of awareness and knowledge of e-commerce



Wider scope for inclusive e-commerce

- ❑ Improved connectivity in developing countries
 - Mobile telephony, Internet use and social media
- ❑ Reduced barriers to entry
 - New e-commerce applications and platforms
 - New e-commerce services
 - New payment solutions
- ❑ Rise of many new e-commerce companies in the South



UNCTAD B2C E-commerce Index 2014

Indicators included

- Percentage of individuals using Internet
 - Sources: ITU, Eurostat and national surveys, 2013, 216 economies
- Credit card (% age 15+)
 - Source: World Bank Findex survey, 2011, 149 economies
- Secure Internet servers (per 1 million people)
 - Source: World Bank, 2013, 209 economies
- Percentage of the population having mail delivered at home
 - Source: Universal Postal Union, 2012, 168 economies
- Total coverage: 130 economies

UNCTAD B2C E-commerce Index 2014

Top 10 economies, by region

Globally	Developing economies	Africa	Asia and Oceania	LAC	Transition economies
Luxembourg	Republic of Korea	Mauritius	Republic of Korea	Chile	TFYR Macedonia
Norway	Hong Kong (China)	South Africa	Hong Kong (China)	Uruguay	Serbia
Finland	Singapore	Egypt	Singapore	Trinidad and Tobago	Russian Federation
Canada	Bahrain	Tunisia	Bahrain	Brazil	Bosnia and Herzegovina
Sweden	Turkey	Morocco	Turkey	Argentina	Albania
Australia	Chile	Sierra Leone	Malaysia	Costa Rica	Georgia
Denmark	Uruguay	Zambia	Lebanon	Dominican Republic	Ukraine
Republic of Korea	Trinidad and Tobago	Madagascar	China	Mexico	Armenia
United Kingdom	Malaysia	Zimbabwe	United Arab Emirates	Bolivarian Republic of	Belarus
Israel	Brazil	Mali	Islamic Republic of Iran	Colombia	Moldova

Source: UNCTAD.



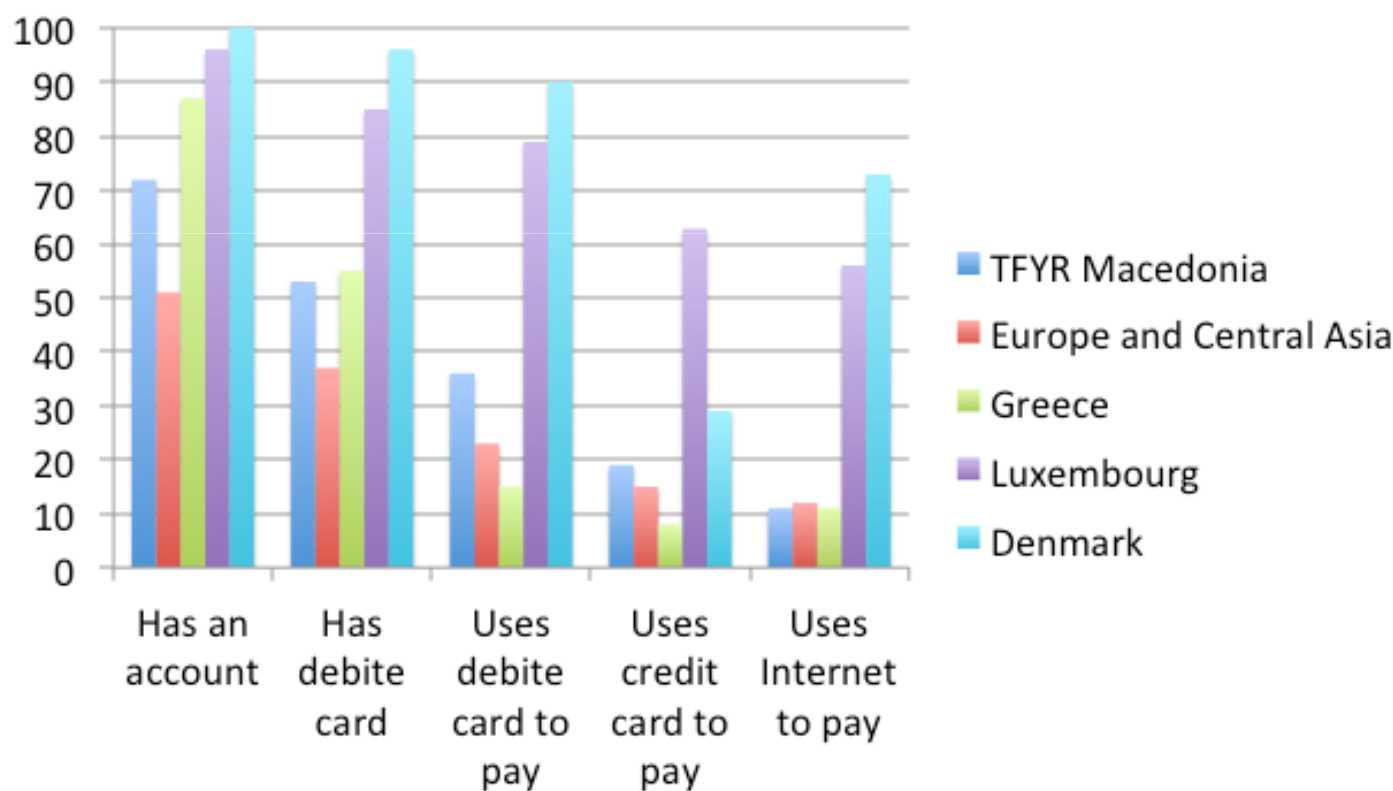
The Macedonian case (1)

- Only 6% of enterprises receive orders online
- Only 5% of enterprises place orders online
- Major e-commerce platform services missing
 - Amazon not available
 - eBay – “buy only”
 - Paypal – only personal accounts
- Share of individuals shopping online much lower than predicted by *UNCTAD B2C E-commerce index*: shows potential
 - Weakest factor in the index: credit card use



The Macedonian case (2)

Financial use indicators, as a share (%) of adult population, 2014

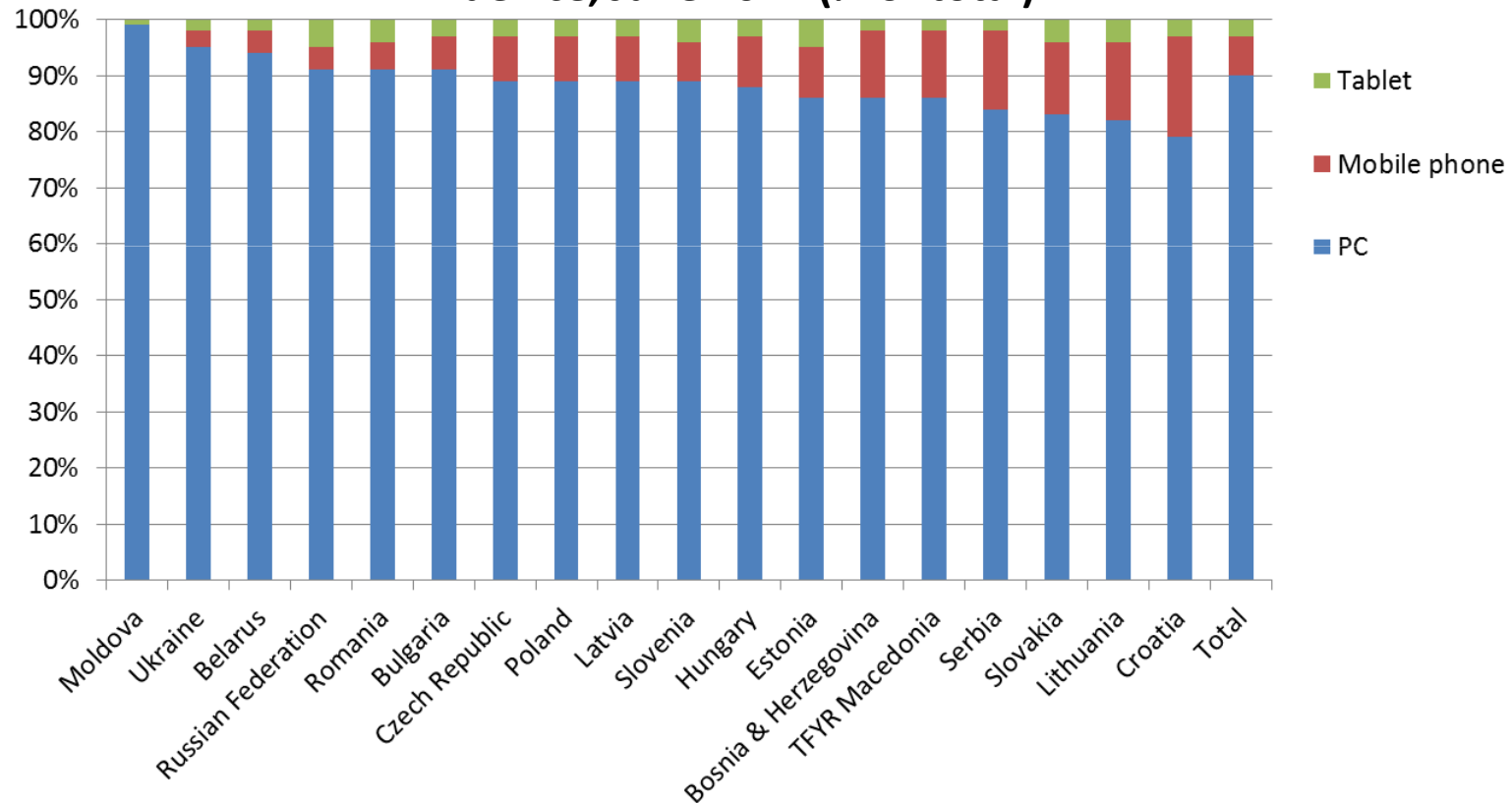


Source: Global FINDEX Database, March 2015.



The Macedonian case (3)

Internet page views in Central & Eastern Europe (selected countries), by device, June 2014 (% of total)

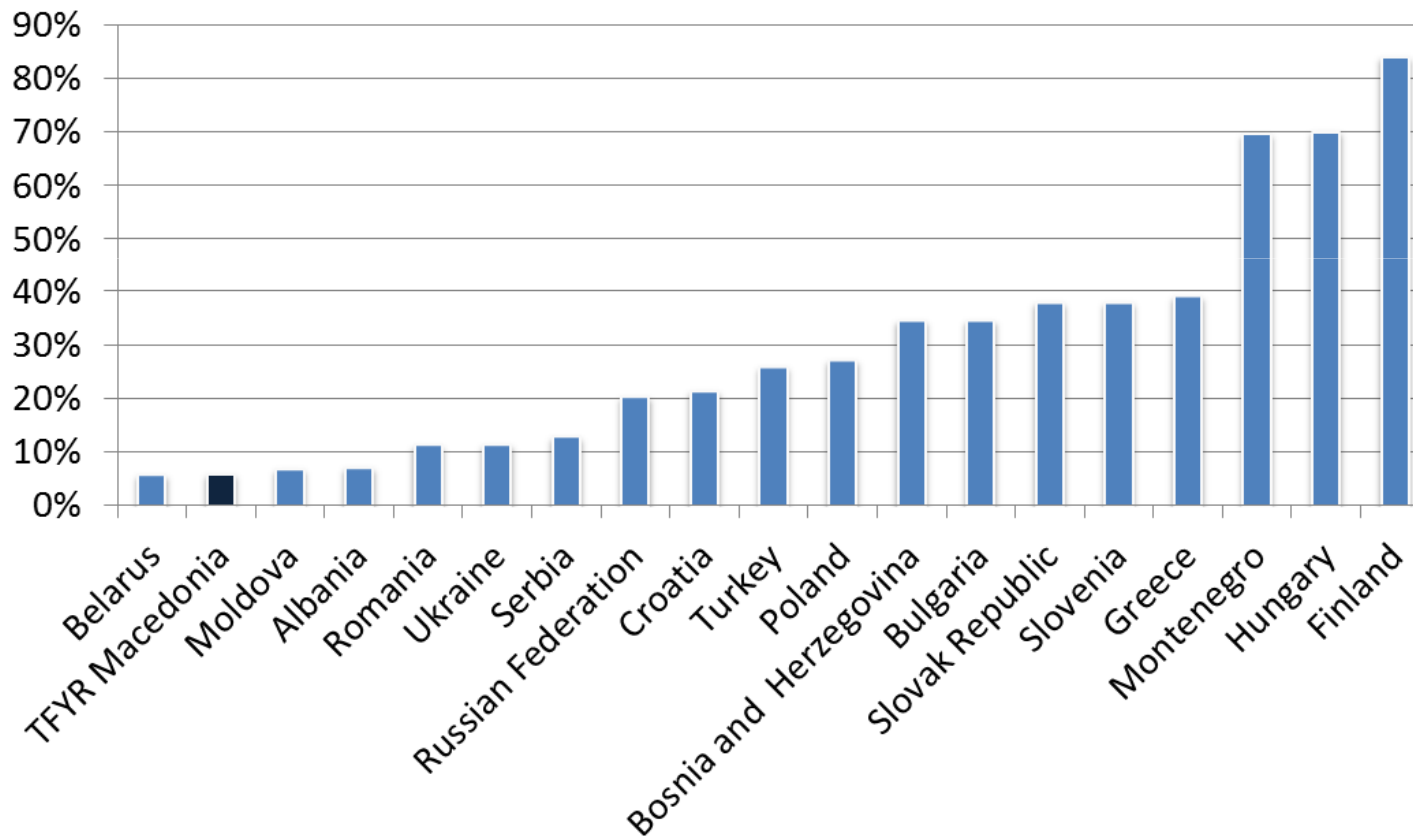


Source: gemiusRanking as cited in Gemius, "Consumers Go Mobile in CEE: Mobile Market Overview," Dec 8, 2014



The Macedonian case (4)

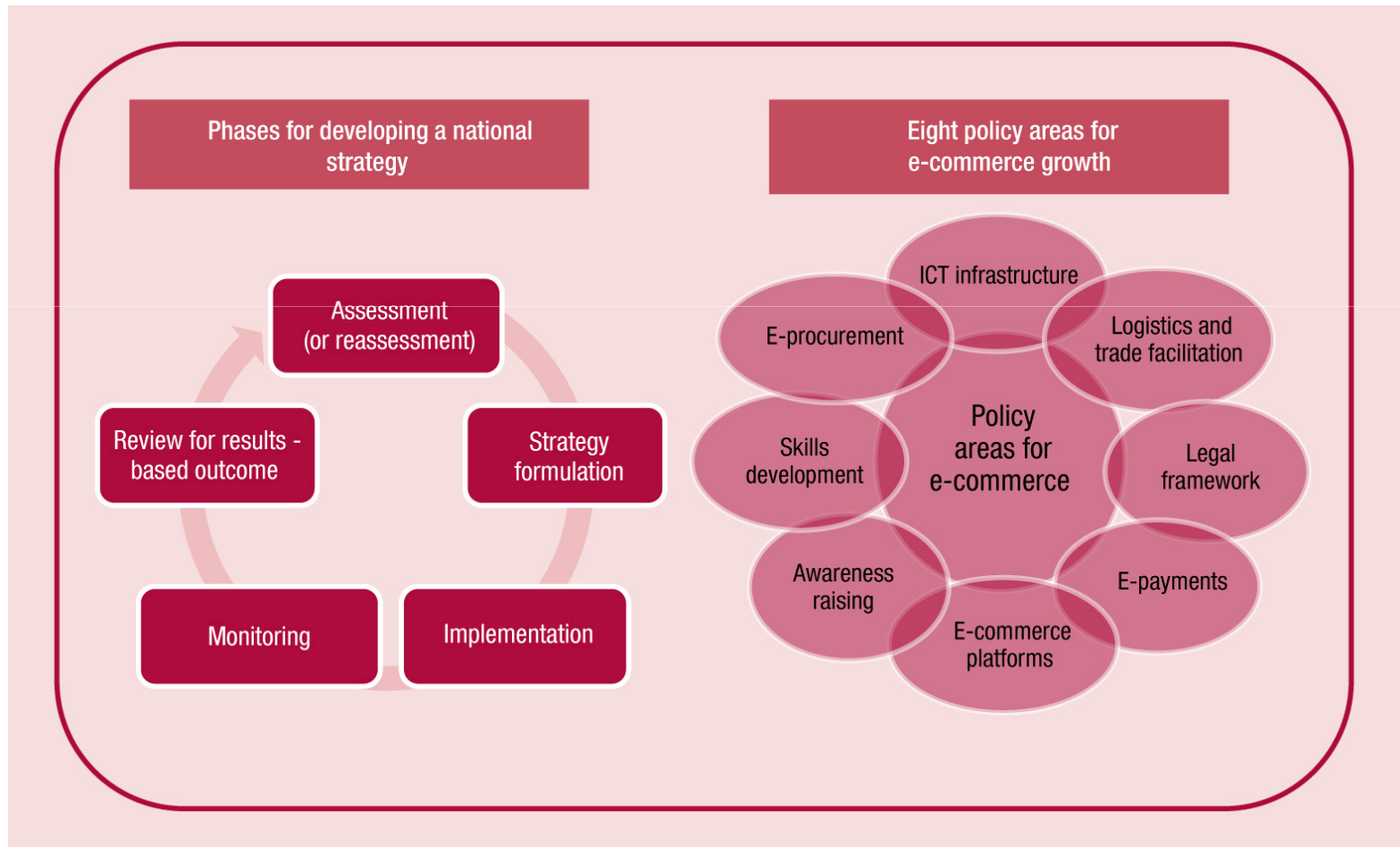
Smartphones in use as a share (%) of all mobile phones, 2014



Source: Juniper Research and Dimoco, "The Future of Carrier Billing in Europe," March 2, 2015



Facilitating e-commerce





Need for cyberlaws is expanding

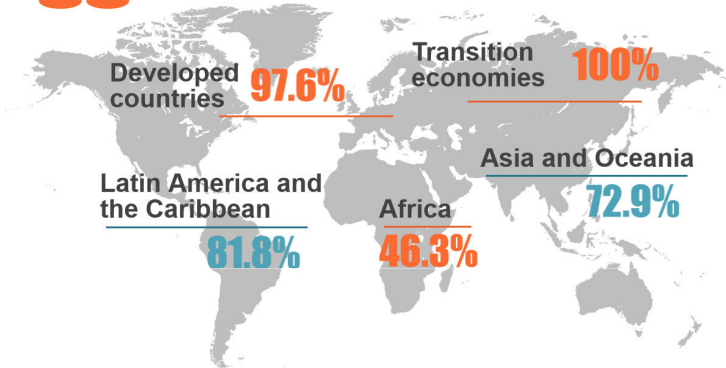
- ❑ To facilitate national and cross-border trade
- ❑ To protect consumers online
 - ✓ Cross-border enforcement major challenge
- ❑ To fight cybercrime and protect personal data and privacy
 - ✓ Price tag for cybercrime estimated at \$8 billion for Brazil, \$3 billion for Mexico, and \$464 million for Colombia in 2012
 - ✓ >2,100 hacking and other incidents reported in 2013, exposing >822 million records
- ❑ New ICT landscape – new challenges: mobile payments, cloud computing, Internet of Things, Big data



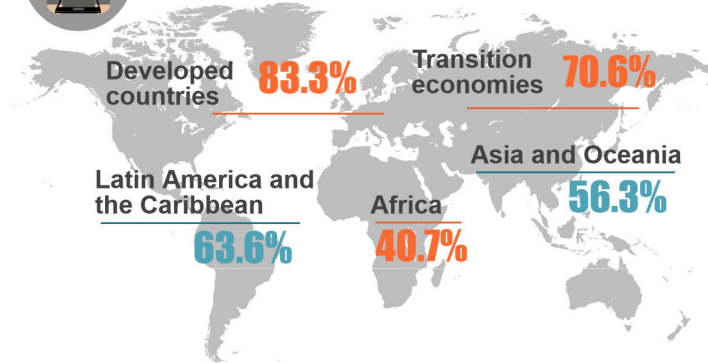
UNCTAD.org/CyberlawTracker



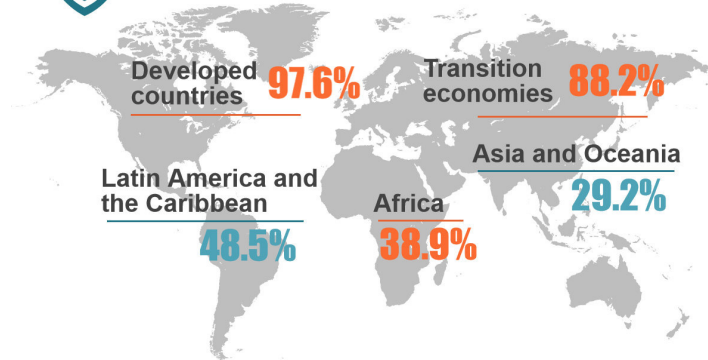
Share of countries with E-Transaction laws



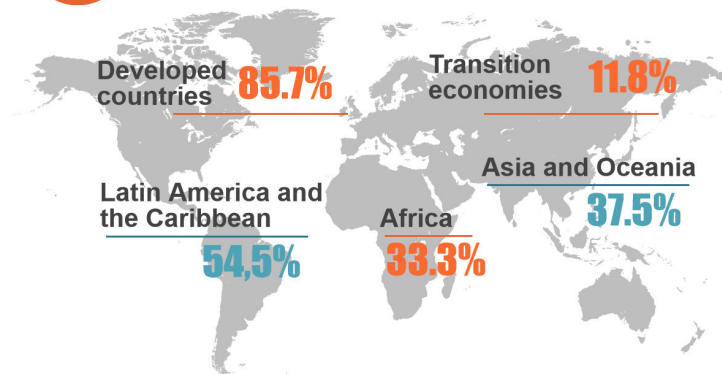
Share of countries with Cybercrime laws



Share of countries with privacy and data protection laws



Share of countries with consumer protection laws



Source: UNCTAD.



Tailored strategies and policies needed

- Policy emphasis needs to be adapted to each country
- Starting point: assessment of strengths and weaknesses
- Engage relevant stakeholders
 - Improve ICT infrastructure
 - **Facilitate e-payments**
 - Develop skills to harness e-commerce
 - Promote government use of e-services
- Develop relevant indicators and collect data
- Monitor and evaluate



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THANK YOU

