



Lack of infrastructure, rules hamper developing Asia's digital trade

A fast-growing digital economy is opening new opportunities for small and large businesses, but developing Asia is hampered by a lack of infrastructure and outmoded regulations.

Even as countries strengthen their capacity for e-commerce, most face issues such as complicated border clearance procedures at home and often vastly different regulations abroad. Fraud, costs of adaptation, and a risk of crowding out are also barriers to entry.

Most developing economies are plagued by inadequate information and communication technology infrastructure and unstable power supply, limited credit card use, stunted financial systems, and lack of purchasing power.

Weak legal and regulatory frameworks for online transactions and cybercrime, and preference for face-to-face interaction and for cash are also problems.

The World Customs Organization says data quality is a concern as many customers who send goods by international shipment are only occasional shippers and do not fully understand what they need to do.

The International Federation of Freight Forwarders Associations says its members face these challenges: first, long-distance delivery involving more checkpoints, segments, and coordinators, which only confuse and complicate shipments; second, lack of flexibility in means of shipping to suit the federation members' different needs; and third, lack of transparency in tracking shipments, which means users don't know where their goods are at any time.

Given the challenges and diversity of e-commerce penetration in Asia, countries must develop strategies to raise awareness of e-commerce benefits and attract more users.

Governments should decide what's important for e-commerce growth and reform the business environment in consultation with e-commerce users. The United Nations Conference on Trade and Development suggests that policies supporting infrastructure, e-payment solutions, human resources, and the legal framework should be among the goals.

International cooperation and coordination with development partners will help standardize simple, transparent, and effective processes for global business, as will efficient and automated exchange of information.

The private sector should focus on market infrastructure to support a digitally driven economy. It needs to develop new business models and encourage innovation to realize the full impact of digital connectivity. It must reassure consumers that their privacy will be respected, that the goods will be of good quality and arrive on time, and that payment systems are secure and they can get their money back if needed.

This has been a summary of part of [The Development Dimension of E-Commerce in Asia: Opportunities and Challenges](#), by ADBI senior economist [Aladdin Rillo](#) and former ADBI research associate Valdimir dela Cruz.

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