

SUMMARY OF FINDINGS AND RECOMMENDATIONS

MAIN FINDINGS	MAIN RECOMMENDATIONS
 e-Commerce Readiness Assessment and Strategies Formulation	
<p>Recent broad recognition of the untapped potential of ICT and e-commerce has led to initial steps towards inter-ministerial coordination but is hampered by the lack of a single vision and identification of e-commerce as a single sector.</p>	<p>Enhance inter-ministerial coordination to promote development gains from ICT and e-commerce, developing a national strategy spearheaded by recent efforts from the Nepal Rastra Bank to develop a supportive financial environment and backed by a supportive private sector.</p>
 ICT Infrastructure and Services	
<p>Steady investment in ICT, including mobile infrastructure, has enabled major growth in mobile and Internet penetration. There is still a lot of room for improvement in terms of mobile network coverage, international Internet bandwidth, secure Internet services and power supply.</p>	<p>More comprehensive geographic coverage would facilitate domestic e-commerce. Continued investment in fibre-optic backbone networks in the more remote areas would be welcome, ensuring charges for use of that backbone do not discourage the mobile operators from expanding their networks.</p>
 Trade Logistics and Trade Facilitation	
<p>Several logistics and regulatory bottlenecks hamper cross-border trade and impede e-commerce. This is coupled by a lack of a proper postal addressing system making last-mile delivery challenging. The lack of reliable logistics services outside the Kathmandu ring road inhibits the completion of e-commerce transactions.</p>	<p>Implementation of the Fifth Customs Reform and Modernization Strategic and Action Plan (CRMSAP) 2017-2021 will ensure increased digitalization of customs procedures. Efforts should be taken to encourage existing logistics providers to add value by bundling together various products and services (e.g. COD, cash management, etc.) and work with Postal Services to improve the addressing system.</p>
 Payment Solutions	
<p>Innovative solutions have been developed by new PSPs, banks and mobile operators, allowing for increased volumes of domestic e-commerce, while international payment is limited to “remittance gifts”, due to severe constraints on international means of payments. Payment was consistently rated as the single, most important factor hampering e-commerce development.</p>	<p>Accelerate upgrade of financial system by enhancing dialogue between Nepal Rastra Bank (NRB), Financial Service Providers (FSPs) and Payment Service Providers (PSPs), regarding access to cashless payments for international e-commerce. Efforts should focus on increasing the level of adoption of technology such as mobile banking, Internet banking, credit and debit cards, POS/POT machines and reducing regulatory impediments and usage barriers needs mismatch.</p>
 Legal and Regulatory Framework	
<p>Several acts approved in the past 10 years provide a basis, although an outdated one, for e-commerce legal and regulatory framework. Multiple ministries encompass e-commerce but a common platform for coordination has not been created. The unclear categorization of e-commerce as an industry has proven to be a barrier for foreign investment.</p>	<p>A supportive legal framework is required to generate trust in online transactions. There is a strong need to formulate forward-looking laws in various legal areas to improve users’ confidence in online transactions and to update existing ICT-related laws (all of which are more than 10 years old) to improve trust in online marketplaces as well as foster FDI in e-commerce.</p>
 E-commerce Skills Development	
<p>Nepal’s IT-savvy young segment of the population is a promising factor for e-commerce skill development. E-commerce requires a diverse array of skill sets ranging from content marketing to data analysis and programming that universities are only starting to embed or upgrade in their ICT curricula.</p>	<p>E-commerce has potential for job creation, both in the urban and rural areas of Nepal and beyond, use of social media networks and apps as trading platforms. Tertiary education providers can work more closely with the ICT industry to ensure employability of new entrants in the industry.</p>
 Access to Financing	
<p>Banks’ ability to provide loans is hampered by a lack of confidence in the information provided by the Credit Information Bureau of Nepal. Reliance on informal financial services has important implications for the adoption of electronic payments and, consequently, stimulation of e-commerce. Similarly, e-commerce is considered a risky “sector” for which banks are not yet ready to develop customized financial products for MSMEs.</p>	<p>Help leading banks and prominent PSP develop innovative products for MSMEs wishing to invest in the e-economy, once they have been able to be formally registered. This should particularly target the increasing number of startups active in the financial technology (fintech) and cashless payments segments, whose business models can be nurtured through support to business incubators.</p>