



**Opportunities and Risks  
Developing Countries face with  
expanding Global Platforms**

Presentation by U Aye Chan



# U Aye Chan

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# Myanmar Statistics 2020

- Population: 55 Mn. (66% between 16-64 y.o.)
- Internet/Fb users: 22 Mn/21 Mn.
- Social media penetration: 41%
- Mobile penetration: 126%
- GDP: \$75 Bn (per capita <\$1400)



# Myanmar e-Commerce

- Estimated to be nearly \$100 Mn last year.

2019/2020	GDP	E-C Revenues	% of GDP
<b>China</b>	14.3 T	863 B	6%
<b>USA</b>	21.4 T	744 B	3.5%
<b>Indonesia</b>	1.1 T	20.3 B	1.8%
<b>Vietnam</b>	262 B	4.4 B	1.6%
<b>Myanmar</b>	75 B	0.1 B	0.13%

- As a % of GDP, it is well below neighboring ASEAN countries.

- Myanmar e-Commerce market can easily reach 10x the current size within a couple of years.

# The Challenges

- Stems from being a poor and developing country itself.
- No specific government policy to deal with the impact of these platforms - on local economy, CBDF.
- Global Platforms monetizing on Myanmar consumer data and helping their own economies.



# Big Data Value Emergence

- One way value creation only for Global Platforms  
*(e.g., China might have lots of Myanmar consumer big data information through their platforms in Myanmar, not vice versa)*
- That data can be monetized through commercial use by transforming into digital intelligence  
*(e.g., What to produce and who to sell?)*
- Translates into added power and competitive advantage.
- Big data provide insights and enable data driven decisions by individuals, businesses and governments.

# Low level of Readiness

- In terms of development of local content for local businesses and weak regulatory and institutional frameworks.
- Global Platform favors those who are ready and well prepared to create and capture value.
- Small business owners in developing countries lack capabilities, skills and awareness to take full advantage.

# Absence of Legal and Economic Power

- China blocks Google and Facebook.
- Ethiopia blocks foreign ride sharing platforms.
- Myanmar may not realize the disadvantage it is putting itself under by allowing Global Platforms to roam free without legal or outbound data restrictions.





# Evidence of Takeover

- Ride sharing: Foreign dominance.
- Food delivery: Foreign dominance.
- Online shopping: 50:50 as of now.
- Creation of high switching costs for users of these platforms.



# Most Important Risk to the Whole Economy

- CBDF: Control and rights over data at international level and appropriation of value generated from the information gathered.
- For Global Platforms, free flow of data means one-way flow, outbound from developing countries only.
- Risks to national security and economic security.

# Opportunities

- Need to build strong domestic digital industries and capabilities.
- Transaction platforms need to be shifted into becoming innovation platforms.
- Example, plenty of digital payments and money, but only 1 or 2 that could create an ecosystem.



# The Option for Localization

- Digital innovation to enter into a new product category. Example, [motherfinance.com.mm](http://motherfinance.com.mm)
- Looking for markets that Global Platforms are unwilling or unable to serve. Example, [rgo47](http://rgo47).



# Urgency of the Situation

- The future of SME of Developing Countries are in doubt.
- Opportunities get slimmer over time as market and innovative powers of Global Platforms are reinforced.
- Data are from Myanmar, yet revenues and profits earned out of these data and taxes on these, does not come to Myanmar and Myanmar SMEs.
- DCs becoming free provider of data for GP Profits.

# What could Developing Country Governments do?

- Focus on digital entrepreneurship development and knowledge creation.
- Tax incentives for local digital entrepreneurs and platforms.
- Assign ownership and control over data and set regulatory framework on CBDF.
- Explore ways to tax the value created in Myanmar by Global Platforms.



# Thank You

