Opportunities and Risks
Developing Countries face with expanding Global Platforms

Presentation by U Aye Chan
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- Director of rgo47, Myanmar #1 online shopping platform.

- Chairman of IMA Group (involved in financial services, media and properties)
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.

• 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.

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

• Looking for markets that Global Platforms are unwilling or unable to serve. Example, 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