



# Capacity Building Workshop for GMS Cross-border E-commerce

22-24 August 2017  
Seoul, Korea

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**Capacity  
Building Workshop  
for GMS  
Cross-border  
E-commerce**

**22-24 August 2017  
Seoul, Korea**



**Action Plan for ASEAN Cross-border  
E-commerce Development (APACED) 2017-2019**  
**Capacity Building Workshop for GMS Cross-border E-commerce**

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# FOREWORD



ASEAN Economic Community (AEC) is the most significant economic initiative in Asia and the Pacific, which aims to put ASEAN on an inclusive and sustainable growth path by creating competitive and globally integrated single market and production base. ASEAN is now transitioning towards digital economy and this transition can be

a powerful enabler to make the region more innovative, networked and dynamic.

Digital commerce is increasingly playing a crucial role in supporting regional integration and connectivity efforts. ASEAN boasts the 3rd largest population in the world with favorable demographics and a sizeable, emerging middle class. In the coming years, ASEAN digital market has the potential to grow rapidly by 25 percent per year. Digitization makes intra- and inter-regional trade faster, easier and cheaper, which will largely facilitate the development of ever-more connected and networked value and supply chains. Also, digital trade in products and services can bring the MSMEs into the regional and global marketplace. This will altogether make ASEAN more attractive investment destination and enabling business environment.

Some progress has been made on strengthening cooperation on e-commerce through adoption of *E-ASEAN Framework Agreement (2000)*, *AEC Blueprint 2025*, *ASEAN ICT Masterplan 2020* and *ASEAN Strategic Action Plan on Consumer Protection 2025*. However, a new initiative that is specific to the digital commerce is required to unleash the full benefits of the digital economy for an integrated region.

With the vision to be a key player in building a genuine partnership between ASEAN and Korea, the ASEAN-Korea Centre supports the development of inclusive



and cohesive ASEAN Community. In this regard, the Action Plan for ASEAN Cross-border E-commerce Development (APACED) 2017 – 2019 has been initiated to examine the state of cross-border e-commerce in ASEAN, identify major challenges, and find effective means to overcome constraints for cross-border e-commerce development and cooperation.

As the first step, the ASEAN-Korea Centre held the Capacity Building Workshop for GMS Cross-border E-commerce in August 2017 to address digital divide among the ASEAN Member States, following preliminary e-commerce workshops held in Lao PDR and Cambodia. Despite positive signs of e-commerce development in ASEAN, digital commerce remains at a nascent stage. The major challenges are (i) limited access to fixed broadband, (ii) lack of local champions, (iii) absence of harmonized legal frameworks and (iv) lack of e-payment and banking system among others. The program was designed to meet these challenges by sharing good practices and experiences among the e-commerce practitioners and players of GMS and Korea. Above all, it served as a platform for identifying effective means to overcome constraints for cross-border e-commerce development and cooperation. In the following years, the ASEAN-Korea Centre plans to conduct workshops for all ASEAN Member States, based on the results and findings of this year. These efforts aim to promote further development of cross-border e-commerce within the region and contribute to the building of inclusive and cohesive ASEAN Community.



Kim Young-sun  
Secretary General of ASEAN-Korea Centre



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**SECTION I.**  
**E-COMMERCE IN ASIA  
AND THE PACIFIC**

## 1.1 Overview of E-commerce in Asia and the Pacific



**Mr. Kang Jong-woo**  
*Principal Economist, Asian Development Bank*

Asia and the Pacific is forecasted to remain as the world's largest retail e-commerce market for 2016–2020. In 2016, the volume of sales on retail e-commerce recorded USD 1 trillion in 2016, which is expected to reach \$2.725 trillion by 2020. Retail e-commerce sales are estimated to grow by 31.5% in the coming years, and such a growth trajectory is driven by an expanding middle class, increasing mobile and internet penetration, growing competition among sellers, as well as improving logistics and infrastructure.

Despite these positive prospects and opportunities, e-commerce remains at a nascent stage in some parts of the region. For instance, according to eMarketer, e-commerce in Southeast Asia comprises a fraction of retail sales due to underdeveloped digital payments infrastructure and a weak logistics framework. However, social commerce offers plenty of opportunities for Southeast Asia to benefit and complement the lack of consumer access to advanced payment systems and robust shipping services.

Much of e-commerce in Asia is still based on domestic sales. However, regional cross-border e-commerce sales are expected to accelerate as regulatory and

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infrastructure bottlenecks are clearing. Access to reliable and affordable ICT services is vital for e-commerce to thrive and maximize its opportunities in business development and trade. Mobile cellular subscription rates have expanded in Asia and the Pacific over the past decade, from an average of just 4 subscriptions per 100 people in 2000 to 92 subscriptions per 100 people in 2015.

An enhanced use of secure electronic payment systems is another key factor for e-commerce growth. Particularly, for small and medium-sized enterprises (SMEs), the advent of e-payment and improving access to international payment services offer considerable opportunities to expand their customer bases, launch products and rationalize businesses by competing in the global marketplace. Adoption of e-payments is likely to give a greater geographic reach, reduce transaction costs, enhance efficiency and increase revenues.

Other factors constraining e-commerce pertain to high costs of shipment and poor logistics. Functional and adequate road transport facilities, land ports, and postal and customs services are essential in facilitating both domestic and cross-border e-commerce transactions. Poor logistics and shipment services (e.g., underdeveloped rail and road networks, inadequate warehouse capacity, ineffective last mile delivery and incoherent customs policies) remain barriers to e-commerce growth in Asia and the Pacific.

A high-quality regulatory and business environment is critical to fully leverage ICTs and generate both economic and social impacts. While there has been much progress made in the region, greater efforts towards improving the legal and regulatory environment for ICT are needed for most economies in the region.

## 1.2 Market Trends, Business Model and Consumer Behavior of Korea's E-commerce Industry



**Mr. Jung Jong-shil**  
CEO, Changgong Lab

Korea's e-commerce industry has developed along with changes in various factors such as the market trend, business model, and consumer behavior. The fast development of Korea's e-commerce market was possible due to the active participation of Korean SMEs. E-commerce lowered the barriers of market entry, which allowed the SMEs to reap the benefits and sustain their businesses. Also, with the development and changes of the e-commerce related infrastructure and lifestyle of the consumers, the e-commerce market consequently adapted to and reflected such trends into its own process of development.

The favorable conditions for the development of the e-commerce market of Korea are demonstrated through several statistics. Internet utilization in Korea reached 88.3% in 2016, with mobile internet utilization reaching up to 85.9%. The proportion of internet shopping takes up 57.4% of the whole retails, which implies that there is still more room for the e-commerce market to expand. The Internet shopping industry is also promising in that the total revenue reached KRW 60

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million in 2016. Active use of credit cards for payment (74.1% of total payment methods) served as an important factor for stimulating Internet shopping.

The e-commerce industry of Korea has evolved through different phases and they can be categorized as follows: (i) 1st generation (2005-2007) – consumers began searching for products but the supply of goods did not meet the demand. During this period, selling and buying were concentrated on ‘rare’ goods that were difficult to find at offline markets. (ii) 2nd generation (2007-2009) – so-called open market generation with increased exposure of products through online; anyone could sell products, which were consumed by buyers based on their popularity rankings. (iii) 3rd generation (2010-2012) – social commerce generation; e-commerce players began to conduct content curation marketing<sup>1</sup> by categories. (iv) 4th generation (2013-2015) – curation generation; sellers started using services that cater to the specific needs of the customers. During this period, cross-border e-commerce transactions began to take place. (v) 5th generation (2016~) – mobile generation based on video marketing.

Today, rather than using existing platforms, Korean SMEs easily develop their own online stores using services/solutions available. With the value of brands increasing with more appeals to the customers’ tastes, their purchase decisions are made by gathering information via search engines, blog posts, and other diverse social media.

1. Unlike content marketing, content curation does not include generating content, but instead, amassing content from a variety of sources, and delivering it in an organized fashion.





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**SECTION II.**

**CURRENT STATUS,  
OPPORTUNITIES AND  
CHALLENGES OF GMS  
E-COMMERCE**

## 2.1 Kingdom of Cambodia



***Ms. Chring Botumrangsay***

*Under Secretary of State, Ministry of Posts and Telecommunications*

E-commerce in Cambodia started with several local online shopping sites such as Glad Market, Shop 168 and MaLL855. Moreover, Worldbridge International and ACLEDA Bank's My All in One Mall (MAIO Mall) are other impressive e-commerce initiatives. This shows that e-commerce is a fast approaching business tool.

Much like the case everywhere around the world, where along with the internet, has come the trend of online shopping, Cambodia has been making efforts to join the bandwagon. Much to its dismay that it has not made out of it what it ought to have. But the country owing to its growing economy has a huge potential of hosting a large e-community. Initially, as the case with other countries, Cambodians too, were reluctant to put their trust in online shopping. Giving out personal details to third parties could invite some skepticism. However, the number of Internet users have largely increased not only in the major urban settings like Phnom Penh, but alongside towns and rural areas. Also, the number of credit card users have increased significantly. Some rough figures suggest that

## SECTION II. CURRENT STATUS, OPPORTUNITIES AND CHALLENGES OF GMS E-COMMERCE

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the number of card users have increased by about 25 percent from the year 2008 to 2015.

Since most of the online shopping dwell on the number of credit card users, it is imperative to know the potential of Cambodians to shift from manual to digital transactions. The World Bank has predicted that the country's GDP will settle around 9.9 percent during the next couple of years. Tourism is also adding up to the country's increasing hefty economy. These trends depict a lot of future potential for online business and e-commerce.

Since there are not many credit card holders in the country, some online marketplaces like Kaymu are offering cash-on-delivery services. This partly solves the paranoia some people possess vis-à-vis online shopping. People want to hold onto their cash until they get their desired products. Other online marketplaces like Snappyshop and others have filled in this gap as well.

What Cambodia needs right now is the bridging between buyers and sellers. There are many budding entrepreneurs who wish to pitch into the country's economy but are unable to do so. However, the aforementioned e-communities have filled in that gap by providing a sustainable platform to such entrepreneurs. Now they can put their products up and lead the market without much worrying about the buyers. Initially, some people had issues with e-markets not being user-friendly enough, and many were clueless about digital marketing and online promotions of products. Now with such marketplaces at easy access, SMEs can rapidly grow and fill the market gap.

From some of the data given above, one thing can be assured that over time, online shopping is poised to gain more traction because it clearly offers ease, convenience and above all, variety.



The biggest challenges are as follows.

- The service providers in the kingdom are not trust-worthy and most of them are not registered.
- Laws and regulations are not in place yet.
- Confidentiality and reliability are not guaranteed.
- Fraud and forgery still exist.
- Payment methods are not stable yet.
- Public awareness are still limited.
- Logistics, shipping and transportations are not efficient enough.
- Financial berry
- Skill and knowledge of the people

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## 2.2 Lao People's Democratic Republic



### **Mr. Thanongsinh Kanlagna**

*Vice President, Lao National Chamber of Commerce and Industry*

Recently, among its population of 6.8 million, the mobile penetration rate in Laos reached approximately 80% of its population. This shows that the adoption rate for mobile phones in Laos has increased exponentially in the past 10 years and, compared to only 25,000 internet users in 2006, the number of internet users in Laos reached 1.4 million which is close to 20% of the entire population (Internet World Statistics in June 2016). In addition, IT industry in Laos is growing approximately by 15~20% annually.

Currently, 3G/4G coverage is available in the main urban areas in Laos, including the capital area and even LTE is available in bigger cities. In addition, Laos is maintaining its international connectivity through neighboring countries including Thailand, Vietnam and China, and the price per Mbps has dropped continuously while the demand for data has increased rapidly. The smartphone market in Laos is also booming. Because of the convenience and easy accessibility, even older generations can now have access to the internet and use social

## **SECTION II. CURRENT STATUS, OPPORTUNITIES AND CHALLENGES OF GMS E-COMMERCE**

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network services such as Facebook. Many people over 65 are now getting an access to OTT (over-the-top-content) services including Skype which is widely used among internet users.

In the coming years, Laos is expected to have a nationwide 4G LTE and better broadband coverage. This will allow even rural areas to use new technologies and to access mobile application with 2.5G or less mobile device. For further development, Lao PDR must strive to boost more awareness and readiness in cyber security, develop e-government services for its citizens (ID card, vehicle card, e-passport, etc.), develop more e-commerce platforms and provide trainings for local MSMEs. Furthermore, promoting the growth of tech start-ups in various domain such as in fintech and agro-tech will be effective.

In consideration of the purchasing power of Laotians, the cost of accessing these services is relatively high compared to some neighboring countries. Security and privacy are among the top concerns for the Lao government as many companies are starting to transition towards cloud-based systems. Furthermore, customer protection issues in e-commerce are also rising in Laos. For example, there is no effective return policies for unsatisfied customer, and returning for different sizes or specifications is not allowed.

## 2.3 Republic of the Union of Myanmar



**Mr. Nyi Nyi Aung**

*Central Executive Committee*

*Union of Myanmar Federation of Chamber of Commerce and Industry*

Myanmar is still facing many challenges in promoting e-commerce due to lack of ICT infrastructures. However, in the past few years, Myanmar's e-commerce is rapidly growing with an increasing internet penetration rate and widespread usage of mobile phones. In addition, as it shares the border with multiple countries including Bangladesh, India, China, Laos and Thailand, it makes itself advantageous for cross-border e-commerce in the GMS.

With the development of e-commerce industry in Myanmar, MSMEs will be able to enjoy increased margins on sales, eliminate geographical limitations and more easily expand its business into the global market. In addition, e-commerce has numerous benefits including low entry cost, reduction in transaction cost, easier access to the global market, and secure market share. Furthermore, it is expected that the facilitation of e-commerce will likely to increase the overall market size, tourism flows, access to raw materials/markets, cross-border investment/participation in production chains and employment opportunities.



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Various challenges still exist in developing e-commerce in Myanmar. These challenges include (i) incomplete cross-border and multimodal infrastructure network, (ii) high cost of doing business, (iii) tightly regulated transportation routes, (iv) underdeveloped logistics services, (v) insufficient data on informal trade, and (vi) cross-border labor movement. In addition, customer's reliability and trust on products and sellers online remain major challenges in facilitating e-commerce in Myanmar.

Myanmar needs to prepare better business strategy to gain global competitiveness in the global e-commerce market. In order to develop e-commerce platforms, especially in the GMS border area, Myanmar should amend the outdated rules and regulations, and have better understanding of customs procedures, consumer preferences and cultural differences.

## 2.4 Kingdom of Thailand



**Ms. Arada Fuangtong**  
*Director of Digital Commerce Market, Ministry of Commerce*

### **Current Status**

Thailand is one of the fastest growing E-Commerce markets in Southeast Asia. Currently, there are over 500,000 E-Commerce users in Thailand. The number of internet users in Thailand was 43% of the total population in 2016, and is forecasted to increase by up to 50% in 2017.

- The Electronic Transactions Development Agency (ETDA) of Thailand reported that the value of Thai E-Commerce market was 2.5 trillion baht (\$74.2 billion) in 2016, up 12.4% from 2015 (E-Commerce value counted as 40.8% of sales values).
- E-Commerce in Thailand is forecasted to go up to 21.7% by 2017 and will reach 24.5% by 2021.
- The top three categories that have generated the highest income from E-Commerce are 1) retail and wholesale 2) accommodation and 3) manufacturing.
- The Thai government provides E-Marketplace for Thai SMEs to penetrate global market via online channel called "Thaitrade.com".

## SECTION II. CURRENT STATUS, OPPORTUNITIES AND CHALLENGES OF GMS E-COMMERCE



**Mr. Chirat Kongsuphamanon**  
CEO, Greenday Global

### **Opportunities**

Thailand 4.0 Government Policy focuses on repositioning Thailand to Digital Age based on digital technologies, which are rapidly transforming both business practices and social interactions. This digital agenda ensures cohesive strategy and focus by adapting newer developments in technological advancements. Investment in advanced technologies would be promoted such as Internet of Things (IoT), artificial intelligence and embedded technologies in addition to the development of digital parks and creating innovative networks to encourage start-up businesses.



**Mr. Vera Lertruangpunyavut**  
*Managing Director of Paragon*

National E-Commerce Blueprint is now brainstormed among relevant public and private sectors, and E-commerce Action Plan will be adopted to make Thailand an attractive and competitive E-Commerce hub in Southeast Asia.

### ***Challenges of E-Commerce Development***

- Friendly E-Commerce Ecosystem – Sound and complete ecosystem would enhance E-Commerce transaction.
- Infrastructure – Internet access, broadband and Wi-Fi should be reachable for all Thais.
- Logistics and Trade Facilitation – Bonded warehouse and fulfillment center with effective traceability and logistics network should be improved for Cross Border Trade E-Commerce.
- E-Commerce Training and Development Plan – to build up skills of Thais for trading on E-Commerce
- Readiness of e-Payment – Cash on Delivery (CoD), FinTech, e-Wallet, Escrow
- Laws and Regulations –support and encourage online spending.

## SECTION II. CURRENT STATUS, OPPORTUNITIES AND CHALLENGES OF GMS E-COMMERCE



## 2.5 Socialist Republic of Vietnam



### ***Ms. Phung Thi Anh***

*Director of Electronic Transaction Division  
Ministry of Information and Communications*

### ***Current Status***

Vietnam is one of the fastest growing e-commerce markets in ASEAN with its B2C e-commerce sales increasing up to 37%, accounting for 2.8% of the total retail sales of consumer goods and services nationwide.

- Out of the 45% of population using the Internet in Vietnam, the proportion of the internet users participating in online shopping is 62%.
- More than 32 million Vietnamese regularly use social networks, accounting for nearly 36% of the population. Also, more than 30% of consumers are intimately involved with online shopping and social networking consulting to make purchasing decisions.
- Vietnam is one of the fastest growing retail countries in Asia, ranking second only after China with retail sales volume growth recorded at 7.8% in 2016. By 2026, retail sales are expected to increase up to USD 303 billion.

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### ***Opportunities***

The Vietnamese government is now taking various initiatives to develop the e-commerce sector; 1) promulgation of documents and policies, 2) establishment of agencies, organizations and associations for the exchange of experiences and support for e-commerce business development, 3) investment in the construction and improvement of essential infrastructure for e-commerce, including payment, logistics, authentication and e-commerce transactions, and 4) human resources development for e-commerce.

In terms of cross-border e-commerce, the strong engineering workforce and it being the start-up hub of the region makes Vietnam an attractive destination for cross-border e-commerce.

Online tourism is another growing sector where e-commerce can be applied. A high proportion of outbound and inbound tourists use services provided by foreign online travel floors. In Vietnam, foreign online travel agents (OTAs) are dominant in both aspects: Vietnamese tourists travelling in and out of the country and foreign tourists to Vietnam.

### ***Challenges of E-Commerce Development***

- Low credit card penetration, with only 20 companies owning an e-payment license, is a barrier to increasing e-commerce related activities in Vietnam.
- There is an imbalance in online cross-border transactions between export-import and individual customers. Vietnamese individual customers make online purchase of foreign-produced goods and services more often than foreign individual customers buying Vietnam's products online.





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## **SECTION III.**

# **MOVING FORWARD: OVERCOMING CONSTRAINTS FOR CROSS-BORDER E-COMMERCE DEVELOPMENT**

### 3.1 Harmonization of Legal and Regulatory Frameworks based on UNCITRAL Texts



**Mr. Kim Jin-ho**  
*Legal Expert, UNCITRAL RCAP*

The digital economy and trade facilitation have become global megatrends worldwide including within ASEAN. Trade facilitation aims at simplifying procedures and controls relating to the movement of goods. The goal of trade facilitation is to reduce direct and indirect trade costs, which benefits professional end-users, consumers and governments. At a policy level, more cross-border trade leads to more economic development. Information and communication technology facilitates trade even further in the era of paperless trade with electronic single window facilities.

Paperless trade is often understood as a technological process, but this is not sufficient. To give effect to paperless trade, it first requires high-level consensus on policy decisions. To back a paperless trade, a sound legal framework in different areas is required, for example in relation to e-transactions, e-signatures, and on privacy and data protection. The legal framework may be in the form of laws/statutes, implementing decrees and regulations, voluntary standards (co-regulation) and contractual provisions (e.g. on the terms of the Single Window service). A sound legal framework should embed the fundamental principles applicable to all electronic transactions, such as non-discrimination, functional

### **SECTION III. MOVING FORWARD: OVERCOMING CONSTRAINTS FOR CROSS-BORDER E-COMMERCE DEVELOPMENT**

equivalence and technology neutrality. The United Nations Commission on International Trade Law (UNCITRAL) has developed legal instruments for e-commerce including the United Nations Convention on the use of Electronic Communications in International Contracts (ECC), the UNCITRAL Model Law on Electronic Commerce (MLEC), the UNCITRAL Model Law on Electronic Signature (MLES), and the UNCITRAL Model Law on Electronic Transferrable Records (MLETR), which consolidate the principles aforementioned.

These UNCITRAL instruments are relevant in the context of promoting harmonization of legal and regulatory frameworks in ASEAN. Most ASEAN Member States and most other East Asian States have adopted e-transactions and e-signatures laws based on uniform legislative models prepared by UNCITRAL. However, as the model laws were adapted locally, those national laws may still differ from one another and further harmonization is desirable in order to enable e-commerce and e-transactions across borders.

Uniformity or harmonization could be achieved through the adoption of UNCITRAL texts (in particular ECC). First of all, if ASEAN Member States adopt UNCITRAL texts, it means that they have the same or similar level of international standards as well as best practices worldwide because UNCITRAL texts are regarded as one of the international standards reflecting best practices in the area of e-commerce. Furthermore, it could also assist a State to honour the obligation under Bilateral or Multilateral Free Trade Agreements (FTAs). Nowadays, FTAs typically include Electronic Commerce chapter, which obliges a State to maintain or adopt international standards for e-transactions. The adoption of UNCITRAL texts could meet this obligation.

To conclude, to achieve cross-border legal recognition of electronic communications (“legal interoperability”) at the international level, the adoption of treaties or through the harmonization of national laws on the basis of uniform legal standards is necessary. This approach is increasingly adopted in FTAs. To create a truly enabling legal environment for paperless trade, there needs to be greater adoption of uniform legislative standards, and UNCITRAL texts on e-commerce may help fulfill this need.

### 3.2 Removing Technical Barriers and Strengthening Enabling Environment for Innovation



**Mr. Bryan Wong**  
*Public Sector Lead, Amazon Web Services*

Ceaseless innovation is a critical element for maximizing business potential. Amazon first started off delivering books and shoes through the mailing system, but now it has grown into one of the largest technology companies.

The Session introduced three formulas to utilize technological innovation and expand the business. The first one emphasized frequent experiments and on-demand services. Amazon, through its Cloud service, allows on-demand delivery of IT resources over public or private networks with zero up-front costs, no long-term contracts, and pay-as-you-go pricing. This way of applying up-to-date technology into the business enables the company to reach its full potential.

Second, simplicity of technology to reduce the risks of failure was underlined. For example, Instagram started as a company called Burbn, using the technology of Amazon. It first started with providing location-based mobile application, but soon it realized that the business needed to be transformed. Today, Instagram is the world's largest photo sharing platform. Amazon updates its websites every 11.6 second, changes the version about thousand times in a single hour etc.

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These are the bits and pieces of technology that power the Amazon e-commerce business.

Third, identify and focus on the core of the business. Amazon started out selling books and shoes, but it expanded its operations to include grocery business. It started off simple and began to expand into other business areas as it gained profitable growth out of its core business. Its recent purchase of Whole Foods is an evident proof that gradual expansion of business is one of the key success factors for a company to maximize its business potential.

### 3.3 Online Reputation Management and Digital Competency



**Mr. Damien Lam**  
*Director / Co-Founder, Barterfli Holdings*

While there is always a need for good infrastructure to support e-commerce, SMEs need to have a good grasp of the ‘soft’ aspects of e-commerce. Therefore, adapting to the changing business environment is not a choice, but a matter of survival. In this regard, the Session introduced the importance of building digital competency through effective online reputation management and suggested business strategies to make effective use of e-commerce platform.

Today, consumers are offered a broader range of prices and qualities of goods and services—thanks to the development of cross-border e-commerce. Therefore, business competition has become very challenging especially for SMEs. In this sense, embracing cost-effective digital marketing tactics can attract more consumers online and generate positive impact on brand awareness.

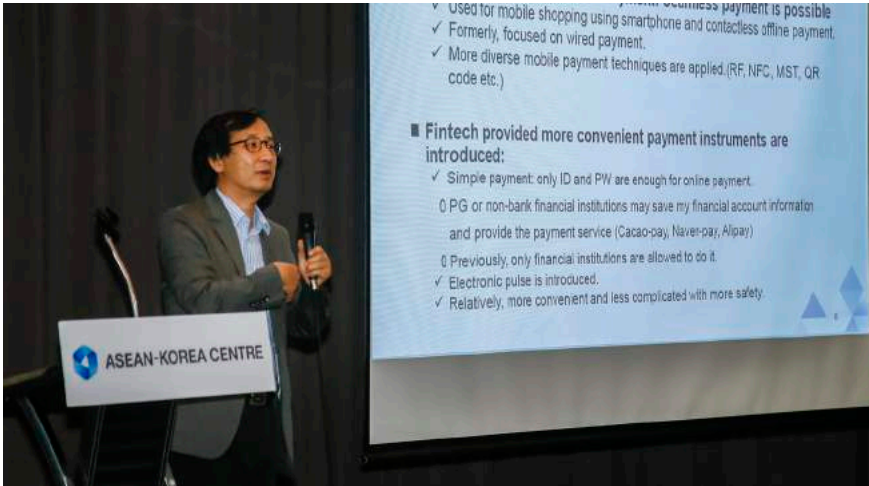
In a highly digitalized world with changing consumer behaviors, it is imperative that SMEs understand digital transformation from traditional businesses, and raise their digital competency in order to compete and benefit from cross-border e-commerce.

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An important facet of digital competency is digital/online reputation management, which is to shape or influence the public perception or opinion of the business or individual, as well as its products and services on the Internet. The Session especially highlighted that the followings are important for SMEs to have a positive e-commerce experience.

- Importance of digital marketing excellence and transformation
- How to use social media to market and brand products and services
- Digital reputation management to prepare and empower businesses from potential public backlash or negativity

### 3.4 E-payment and Fintech for Promotion of Cross-border E-commerce



**Dr. Lee Choong-lyol**  
Professor, Korea University

Fin-tech is a portmanteau of financial technology, and it is a newly developed financial service applying advanced ICT technology. Fintech has become an important keyword in the financial industry due to recent revolutionary changes in ICT, including significant improvements on the speed of computation, amount of data storage, mobile network and mobile data transfer.

Currently, fin-tech focuses on mobile payment which enables seamless payments in online shopping. Less complicated with more safety, fintech provides more convenient payment instruments such as Cacao-pay, Naver-pay, and Ali-pay. In addition, fintech reduces credit risks by utilizing 'big data' and provides a direct savers-loaner connecting service such as Crowd Funding or P2PL (Peer-to-Peer Landing).

#### ***e-Payment and Cashless Society***

ASEAN Economic Community Blueprint 2025 stipulates e-commerce as a mean to achieve enhanced connectivity and sectoral cooperation within ASEAN Member States. E-payment and cashless society can contribute to realizing the above



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goal as they tend to (i) improve the efficiency of payment system, (ii) rise the productivity of firms, (iii) accelerate e-commerce, (iv) improve social infrastructure, and (v) accelerate ASEAN market integration.

### ***Current Status of ASEAN Member States***

As of now, it is assessed that the access to the bank is limited in some ASEAN Member States. Per population of 100,000, countries such as Lao PDR, Myanmar, and Vietnam have less than 5 banks on average, compared to other countries such as Thailand, Malaysia, Singapore, and Brunei which have 10 or more. Furthermore, in some ASEAN member states, there is a lacking number of ATM machines and, in many cases, one's bank account from a certain bank cannot be interconnected with his or her bank account from another bank. However, even among less developed countries such as Cambodia and the Philippines, mobile money is used as a practical way of payment.

### ***Necessary Conditions for a Cashless Society***

- Hardware infrastructure such as high speed internet or wireless connection provided by telecommunication company
- Software infrastructures such as related laws and regulation provided by regulatory agency
- Financial institutions equipped with appropriate hardware and software system
- User's possession of a proper device and one's willing to use it
- Appropriate electronic payment instruments
- Incentive of service users
- Profit of service providers
- Cooperation between FI firms and IT Firms



### ***What ASEAN Has to Do***

- Examine on the current system in ASEAN and set a goal to provide an e-payment service to all AMS residents
- Make cross-border e-payment applicable to the ASEAN countries
- Have comprehensive and concrete regional payment integration plan and road map
- Promote harmonized payment related laws and regulations
- Conduct capacity building programs for CLMV countries to mitigate digital divide.

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### 3.5 Case Study on ADB's Cross-border E-commerce Projects



**Mr. Yoon Seok-yong**  
*Senior Public Management Specialist, Asian Development Bank*

From a global perspective, e-commerce continues to grow rapidly, and the Asia and the Pacific region is now the world's largest e-commerce market. Southeast Asia is an upcoming market of interest for e-commerce, of which cross-border e-commerce is a particular segment.

#### ***ADB Support for E-Commerce : Guanxi RCI Promotion Investment Program (MFF)***

In recent years, Guangxi has strengthened interconnectivity with ASEAN Member States and has built a comprehensive logistics system. However, Guangxi is still in the early stages of cross-border e-commerce development. There are several significant gaps to overcome, including a shortage of skilled ICT professionals, inefficient logistics, lack of e-payment facilities, barriers to connect to government regulatory agencies' systems, and relatively low rate of information technology adoption.

Based on the successful experience of the eastern cities of PRC, several measures are recommended, including the development of cross-border e-commerce parks providing facilities for encouraging e-commerce start-ups, streamlining e-commerce regulation and enhancing support services such as logistics, financial services and professional online marketing services. Online data security

### SECTION III. MOVING FORWARD: OVERCOMING CONSTRAINTS FOR CROSS-BORDER E-COMMERCE DEVELOPMENT

and inability to connect to essential government proprietary information systems also need to be addressed.



**Mr. Lee Seung-min**  
*Financial Sector Specialist, Asian Development Bank*

Under a recently approved ADB's investment loan to PRC using multitranches financing facility as a modality, namely Guangxi Regional Cooperation and Integration Promotion Investment Program with \$450 million sliced into three tranches, ADB will support Guangxi government to promote cross-border trade between PRC and Vietnam by (i) supporting SMEs; (ii) improving cross border financial services; (iii) enhancing integrated and interoperable e-commerce platform and infrastructure; (iv) developing key infrastructure and trade related services; and (v) improving physical connectivity and policy coordination.

For e-commerce development component, USD 59 million will be allocated and provided for illegible subprojects over the next three year period. In specific, the investment program will (a) develop demonstration of e-commerce incubation parks in Fangchenggang, Longbang, and Pingxiang to provide improved common infrastructure for e-commerce, including common network, data center, and platforms for cross-border transactions, and to provide ready-to-use facilities and services for local and Vietnamese e-commerce enterprises involved in cross-border trade; and (b) help implement measures to improve customs and sanitary and phytosanitary services related to cross-border e-commerce.



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# ANNEXES



**Group Photo** | Courtyard Seoul Namdaemun



**Opening Remarks** by H.E. Kim Young-sun, Secretary General of ASEAN-Korea Centre | Courtyard Seoul Namdaemun



**Congratulatory Remarks** by H.E. Thura U Thet Oo Maung, Ambassador of Myanmar to ROK | Courtyard Seoul Namdaemun

**Capacity Building Workshop for  
GMS Cross-border E-commerce**





**Group Discussion** | Courtyard Seoul Namdaemun



**Group Discussion** | Courtyard Seoul Namdaemun



**Group Photo** | Courtyard Seoul Namdaemun



## PROGRAM TITLE

# CAPACITY BUILDING WORKSHOP FOR GREATER MEKONG SUBREGION CROSS-BORDER E-COMMERCE

## BACKGROUND

Information and Communication Technology (ICT) has been playing a crucial role in supporting regional integration and connectivity efforts. With the official launching of ASEAN Economic Community in 2015, ICT is expected to play an increasingly pivotal role as it has become a core part of economy, progressively underlying all aspects of socio-economic growth and development.

ASEAN is now transitioning towards a digital economy, and importance and impact of this transition should not be understated. With the rapidly evolving trade environment, more and more businesses are moving away from traditional off-line stores and going on-line. Electronic Commerce (E-commerce) has become part and parcel of doing business cross-border, even in the least developed countries. In the past four years, the ASEAN online retail market has grown roughly by 15 percent annually, almost three times faster than Gross Domestic Product (GDP). In the coming years, ASEAN online retail has the potential to grow even faster—up to 25 percent per year—thanks to increasing purchasing power, emergence of young middle class, growing internet penetration and improving online offerings.

Despite these positive signs, e-commerce markets in Greater Mekong Subregional (GMS) countries are still in their infancy. There are tremendous challenges in the region that need to be addressed, such as limited access to fixed broadband, lack of local champions, absence of harmonized legal frameworks, immature system of e-payments, as well as lack of logistics and trade efficiency.

To meet these challenges, the ASEAN-Korea Centre convened three-day Capacity Building Workshop for GMS Cross-border E-commerce. It laid out a platform for GMS countries and Korea to mutually exchange experiences in the

development of e-commerce industry, which aimed to ultimately find effective means of overcoming constraints for cross-border e-commerce development and cooperation.

### OBJECTIVES

Deepen mutual understanding of e-commerce as an essential element of cross-border trade facilitation and offer a platform for network-building among e-commerce practitioners and leaders

### PARTICIPANTS

- 21 participants from GMS countries (both public and private)  
*\*Cambodia, Lao PDR, Myanmar, Thailand & Vietnam*
- 25 Korean companies related to e-commerce

### SPEAKERS (8)

Affiliation	Name	Position
<b>Asian Development Bank</b>	Kang Jong-woo	Principal Economist
	Yoon Seok-yong	Senior Public Management Specialist
	Lee Seung-min	Financial Sector Specialist
<b>Changgong Lab</b>	Jung Jong-shil	CEO
<b>Amazon Web Services</b>	Bryan Wong	Public Sector Lead
<b>UNCITRAL RCAP</b>	Kim Jin-ho	Legal Expert
<b>Barterfli Holdings</b>	Damien Lam	Director / Co-founder
<b>Korea University</b>	Lee Choong-lyol	Professor



## ORGANIZERS & CO-ORGANIZER(S)

- **Organized by** ASEAN-Korea Centre and Asian Development Bank
- **Supported by** East Asia Business Council and United Nations Commission on International Trade Law (Regional Centre for Asia and the Pacific)

## DATE & VENUE

- **21 – 24 August 2017**
- **Seoul, Korea**

## PROGRAM ACTIVITIES

- **Seminar**

E-commerce experts and GMS participants shared their experiences and good practices on the following topics.

1. Overview of E-commerce in Asia and the Pacific (ADB)
2. Market Trends, Business Model and Consumer Behavior of Korea's E-commerce Industry (Changgong Lab)
3. Technical Barriers and Enabling Environment for Innovation (Amazon Web Services)
4. ICT in ADB Operations (ADB)
5. Case on ADB's Cross-border E-commerce Projects: Guangxi Regional Cooperation and Integration Promotion Investment Program (ADB)
6. Harmonization of Legal and Regulatory Frameworks (UNCITRAL RCAP)
7. Online Reputation Management and Digital Competency (Barterfli Holdings)
8. E-payment and Fintech to Promote Cross-border E-commerce (Korea University)
9. Status, Trend and Prospects of E-commerce Industry from Private and Public Perspectives (GMS Participants)

- **On-site Visits**

Participants visited facilities related to e-commerce to have hands-on experiences regarding development of e-commerce businesses

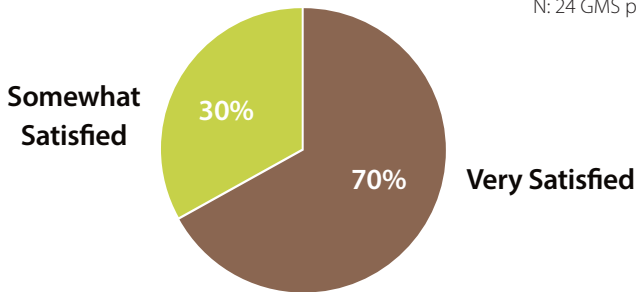
Venue	Topic
<b>Korea International Trade Association</b>	B2B & B2C Model – E-commerce Platform for MSMEs (incl. simulation exercises) Paperless Trade and Digital Trade Platform
<b>E-mart Online Logistics</b>	Technology and automation for trade logistics for e-commerce

### ACHIEVEMENTS & HIGHLIGHTS

- Overall, participants assessed that the workshop was well prepared and organized and that it was relevant and useful for the development of e-commerce industry in ASEAN.
- The questionnaire surveys had been answered as follows.

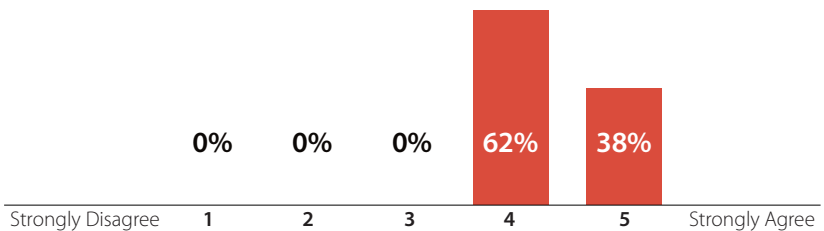
#### Satisfactory Level of Preparedness, Relevancy and Usefulness of the Workshop

N: 24 GMS participants



*\*Evaluation Scale: Very Satisfied, Somewhat Satisfied, Neither nor, Somewhat Dissatisfied, Very Dissatisfied*

#### Did the Workshop Enhance the Understanding of Cross-border E-commerce?



- Participants noted that the workshop had served as an excellent platform for exchanges of good practices and experiences on e-commerce development and cooperation. They especially highlighted that the topics discussed throughout the workshop were relevant and useful for the regional cooperation, especially trade facilitation through e-commerce platforms.

## **MEDIA COVERAGE (TOTAL 10)**

- Workshop to enhance GMS countries' E-commerce capacity and bridge digital gap in ASEAN | Eleven Myanmar 2017.08.22
- 메콩강 유역국가 대상 전자상거래 워크숍 | 연합뉴스 2017.08.22
- 개회사 하는 김영선 한-아세안센터 사무총장 | 연합뉴스 2017.08.22
- 개회사 하는 김영선 한-아세안센터 사무총장 | 중도일보 2017.08.22
- 축하하는 주한 미얀마 대사 | 연합뉴스 2017.08.22
- “한국 전자상거래 배우러 왔어요” 메콩강 유역국 워크숍 개막 | 연합뉴스 2017.08.22
- 서울서 아세안 '디지털 격차' 해소 워크숍…한국 사례 공유 | 연합뉴스 2017.08.21
- 한-아세안센터, 메콩강 유역 5개국 대상 EC 역량 강화 워크숍 개최 | 이투데이 2017.08.21
- Workshop to enhance ASEAN's e-commerce capacity | The Korea Times (Page 4) 2017.08.21
- 한-아세안센터, 메콩강 국자 전자상거래 워크숍 개최 | 아시아경제 2017.08.17

## **OFFICER IN CHARGE**

**An Jin-hun**

Program Officer, Trade and Investment Unit

Email: [jha@aseankorea.org](mailto:jha@aseankorea.org)











# ASEAN-KOREA CENTRE

The ASEAN-Korea Centre was established as an intergovernmental organization with the aim to promote exchanges among Korea and the 10 ASEAN Member States. It was officially inaugurated in 13 March 2009, the year which marked the 20th anniversary of the Dialogue Partnership between ASEAN and Korea in accordance with the Memorandum of Understanding (MOU) signed at the 11th ASEAN-Republic of Korea (ROK) Summit in November 2007 and entered into force in December 2008.

## Vision

To be a key player in building a lasting and genuine partnership between ASEAN and Korea

## GOALS

- Enhance ASEAN-Korea partnership
- Promote mutual understanding through cultural exchange and people-to-people contact
- Support ASEAN integration efforts

## MANDATES

- Increase trade volume
- Accelerate investment flow
- Invigorate tourism
- Enrich cultural and people-to-people exchange

## ACTIVITIES

The ASEAN-Korea Centre implements diverse work programs and activities to strengthen mutual cooperation and deepen friendship among the ASEAN Member States and Korea through increasing trade volume, accelerating investment flow, invigorating tourism, and enriching cultural and people-to-people exchange.

## MEMBERS



KOREA



BRUNEI



CAMBODIA



INDONESIA



LAO PDR



MALAYSIA



MYANMAR



PHILIPPINES



SINGAPORE



THAILAND



VIET NAM

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Intergovernmental Organization mandated to  
promote economic and socio-cultural cooperation  
between ASEAN Member States and Korea

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