



# ASIA ECONOMIC INTEGRATION REPORT 2021: MAKING DIGITAL PLATFORMS WORK FOR ASIA

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**ADB-MEF Webinar**  
DIGITAL PLATFORMS AND  
CAMBODIA'S POST-COVID-19  
ECONOMIC RECOVERY

28 May 2021

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**ADB**

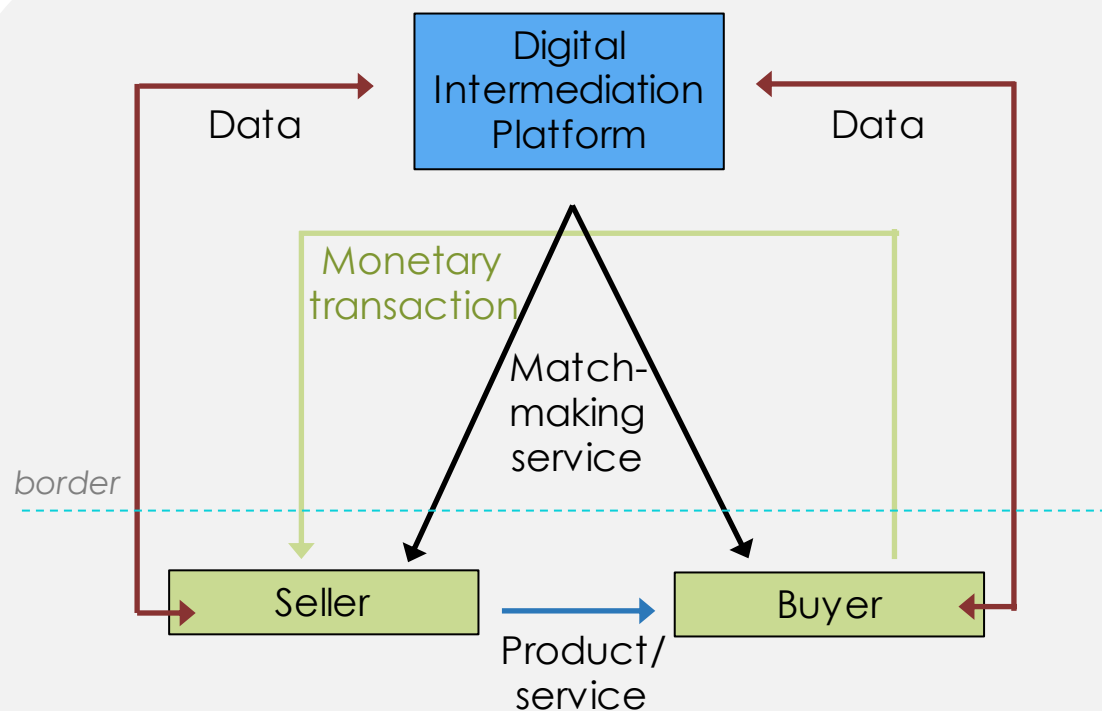
# Digital platforms transform marketplaces

Google

Grab



# Digital economy engine of Asia's growth



Source: OECD, WTO, and IMF (2020). *Handbook on Measuring Digital Trade*. p. 123.

**World**  
\$3.79tn

**Asia**  
\$1.81tn



**E-Commerce**  
1,925 bn  
1,119 bn



**Online Travel**  
978 bn  
376 bn



**AdTech**  
336 bn  
110 bn

• **World**



**Transportation**  
190 bn  
75 bn



**E-Services**  
162 bn  
72 bn



**Digital Media**  
157 bn  
62 bn

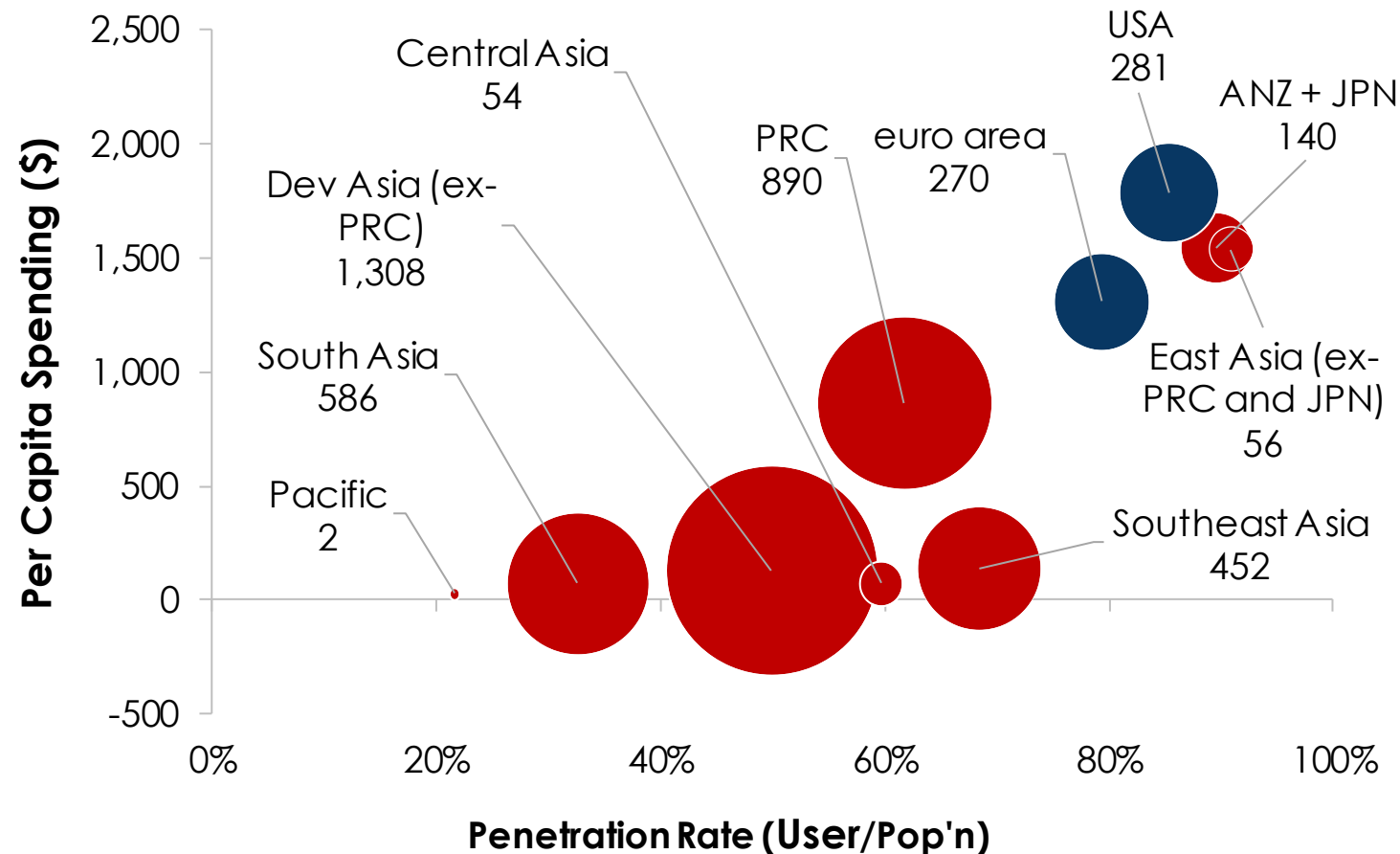
• **Asia**

Source: ADB staff estimates based on data from Statista. Figures are in US dollars.



# Asia a key player in global digital platform market

Digital Market Users, 2019 (million)

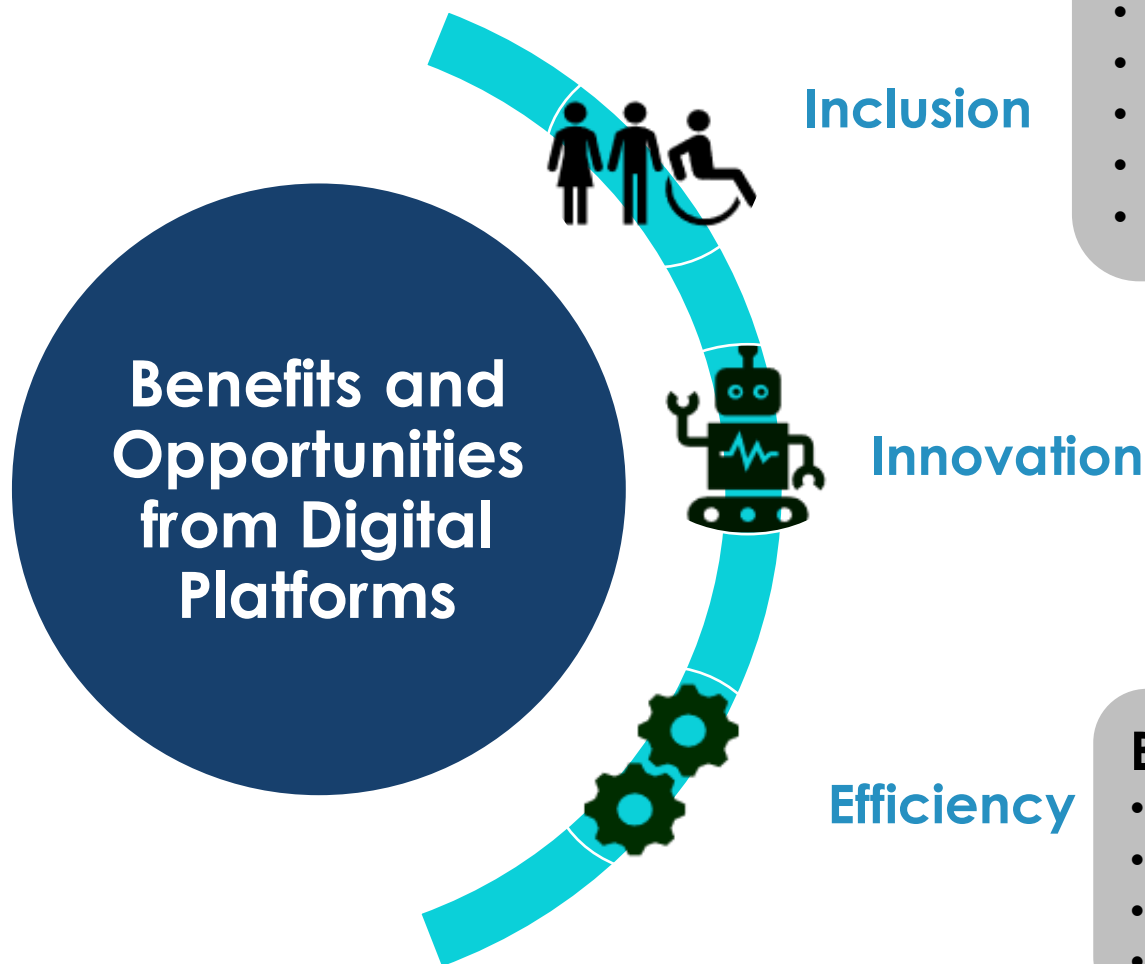


ANZ + Japan = Australia, New Zealand, and Japan; PRC = People's Republic of China; USA = United States of America.

Note: Source economies for Developing Asia (Dev Asia) excluding PRC are: Armenia, Azerbaijan, Bangladesh, Bhutan, Brunei Darussalam, Cambodia, Fiji, Georgia; Hong Kong, China; India, Indonesia, Kazakhstan, the Republic of Korea, Kyrgyz Republic, the Lao People's Democratic Republic, Malaysia, Mongolia, Myanmar, Nepal, Pakistan, Papua New Guinea, the Philippines, Singapore, Sri Lanka, Tajikistan, Thailand, Timor-Leste, Turkmenistan, Uzbekistan, and Viet Nam. Source economies for the eurozone are Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Portugal, Slovakia, Slovenia, and Spain. The raw data are from Statista and the World Bank. Users refer to the AdTech-exposed internet users.

Source: ADB estimates.

# Digital platforms spread benefits in many ways



## Sellers:

- Search and information access
- Larger market reach
- Greater households, MSMEs participation
- Flexible arrangements
- Use of spare assets

## Platforms:

- Build technology-enabled networks
- Do matching and services on-demand
- Skip intermediaries & trade barriers
- Facilitates payment and distribution
- Service or product rating and analytics

## Buyers:

- Search and information access
- Wider choices
- Convenience
- Greater customization

Source: ADB staff.

# Digital transformation to boost growth, trade, and employment

Impact of digital platform growth on GDP, trade, and employment (2021–2025)

Economy	GDP		Total Trade		Employment	
	Average gains from same-year baseline, 2021–2025, Bn \$	Average annual gains, % of 2020 baseline	Average gains from same-year baseline, 2021–2025, Bn \$	Average annual gains, % of 2020 baseline	Average gains from same-year baseline, 2021–2025, Mn	Average annual gains, % of 2020 baseline
<b>World</b>	<b>4,282.9</b>	<b>5.4</b>	<b>2,370.1</b>	<b>5.5</b>	<b>139.6</b>	<b>5.0</b>
<b>Asia and the Pacific</b>	<b>1,729.0</b>	<b>6.1</b>	<b>1,017.0</b>	<b>6.8</b>	<b>65.5</b>	<b>3.9</b>
Australia and New Zealand	84.1	5.9	26.3	4.0	0.6	7.0
Central Asia	46.1	11.5	23.5	7.7	2.3	7.1
Azerbaijan	5.4	11.5	6.7	11.1	0.3	7.2
Kazakhstan	14.8	8.1	8.6	6.2	0.4	5.3
East Asia ex PRC and JPN	134.8	5.9	123.0	5.0	1.5	5.5
Rep. of Korea	89.5	6.5	70.9	5.2	1.0	6.3
PRC	448.1	3.8	239.9	4.6	14.3	2.2
Japan	399.3	7.9	223.6	13.8	3.7	8.1
Southeast Asia	286.6	8.4	248.6	8.0	18.0	6.2
<b>Indonesia</b>	<b>136.3</b>	<b>8.8</b>	<b>44.6</b>	<b>10.0</b>	<b>10.0</b>	<b>8.3</b>
Malaysia	28.1	8.8	45.5	9.2	1.0	8.2
Philippines	37.6	10.1	32.2	14.7	2.2	5.9
Singapore	19.2	6.2	16.1	2.3	0.1	8.0
Thailand	21.8	4.9	35.9	6.3	0.8	2.3
Viet Nam	27.5	10.9	59.9	11.0	2.6	5.1
South Asia	315.1	7.7	119.1	8.6	24.2	4.0
Bangladesh	14.4	5.4	5.4	6.1	2.4	3.8
India	261.1	7.9	89.4	8.4	16.7	3.8
Pakistan	30.3	8.9	17.3	11.8	3.9	5.9
Sri Lanka	5.4	6.0	5.2	11.7	0.2	2.8
Pacific	14.9	26.8	13.0	15.6	0.9	26.1
<b>G2</b>	<b>1,443.6</b>	<b>4.4</b>	<b>773.4</b>	<b>4.2</b>	<b>11.6</b>	<b>5.0</b>
USA	566.7	3.3	104.6	2.2	2.6	2.9
EU-28	876.9	5.5	668.7	5.0	9.0	6.2
<b>Rest of the World</b>	<b>1,110.3</b>	<b>6.4</b>	<b>579.8</b>	<b>5.8</b>	<b>62.5</b>	<b>7.3</b>

Note: The calculations are based on the Global Trade Analysis Project database. Southeast Asia includes Timor-Leste. The Pacific subregion includes economies that are not ADB members. This is due to the aggregation of the Pacific subregion in project data.

Source: Narayanan and Villafuerte (forthcoming).

# Digital platforms bring risks and challenges

- Digital divide leads to rising inequality
- Digital platforms highly concentrated; risk of excessive market power for platform giants
- Digital platforms dramatically shift traditional labor relations; platform workers left with no social protection
- Intensive data collection raises data privacy and security issues; potential identity theft and cybercrime
- Base erosion and profit shifting (BEPS) a rising concern

# Asia's digital readiness varies considerable

## 2020 Digital Platform Penetration Index and Network Readiness Subindexes

Economy	DPP Index	Network Readiness Main Sub-indexes			
		Technology	People	Governance	Impact
PRC	2.5847				
Korea, Rep. of	2.5283				
Australia	2.1010				
Hong Kong, China	2.0323				
New Zealand	1.8795				
Japan	1.7794				
Singapore	1.7644				
Malaysia	1.1008				
India	1.0220				
Viet Nam	0.9429				
Indonesia	0.9190				
Brunei Darussalam	0.8322	n.d.			
Philippines	0.8221				
Armenia	0.8077				
Pakistan	0.7960				
Kazakhstan	0.7929				
Thailand	0.7902				
Azerbaijan	0.7833				
Sri Lanka	0.6501				
Georgia	0.5751				
Kyrgyz Republic	0.5018				
Uzbekistan	0.4840	n.d.			
Nepal	0.4619				

Economy	DPP Index	Network Readiness Main Sub-indexes			
		Technology	People	Governance	Impact
Fiji	0.4579	n.d.			
Cambodia	0.4416				
Tajikistan	0.4155				
Bangladesh	0.3928				
Myanmar	0.3909	n.d.			
Bhutan	0.3119	n.d.			
Mongolia	0.2824				
Lao PDR	0.2523				
Timor-Leste	0.2486	n.d.			
Papua New Guinea	0.2111	n.d.			
Turkmenistan	0.1565	n.d.			

Lao PDR = Lao Democratic People's Republic, n.d. = no available data, PRC = People's Republic of China.

Notes:

- (i) Maximum and minimum values are set at 0 and 100, following the scale in Dutta and Lanvin (2020). Low to high value spectrum:
- (ii) The **Technology sub-index** captures access, content, and future technologies.
- (iii) The **People sub-index** captures the readiness and aptitude of individuals, businesses, and governments.
- (iv) The **Governance sub-index** captures trust, regulation, and inclusion.
- (v) The **Impact sub-index** captures economic value, quality of life, and contribution to sustainable development goals.
- (vi) The specific indicators used and the methodology are laid out in Appendices 1 to 3 of Dutta and Lanvin (2020), [https://networkreadinessindex.org/wp-content/uploads/2020/11/NRI-2020-V8\\_28-11-2020.pdf](https://networkreadinessindex.org/wp-content/uploads/2020/11/NRI-2020-V8_28-11-2020.pdf).

Source: Asian Development Bank estimates and Dutta and Lanvin (2020).



# 6 key priorities to unlock the digital potential



**Affordability and access to ICT**

**In LDCs only 19% of population is online (2019)**



**Digital skills/literacy training through smart devices and e-learning hubs**

**149 million new jobs in technical areas will be needed by 2025**



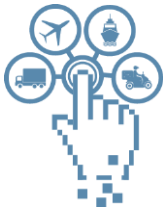
**E-payment availability and options**

**90% of initiatives to combat informality linked to digital payments**



**Cooperation for better, effective, more efficient taxation policies and options**

**59% of ADB member countries joined the OECD/G20 Inclusive Framework to tackle tax and digitalization**



**Logistics and delivery infrastructure**

**In maritime trade, Asia accounts for 41% of goods loaded and 62% of good unloaded**

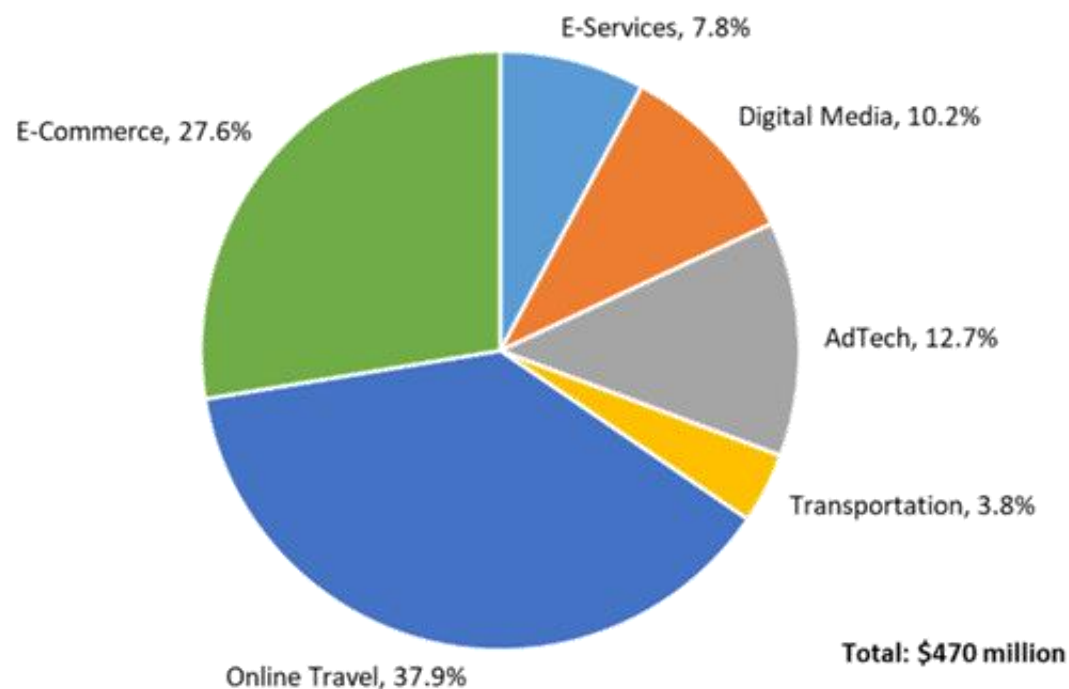


**Laws, rules, and regulations for data privacy and cybersecurity**

**76.1% of respondents to the Global Risk Report Survey identify cyber-security as the top 5 global risks for 2020**

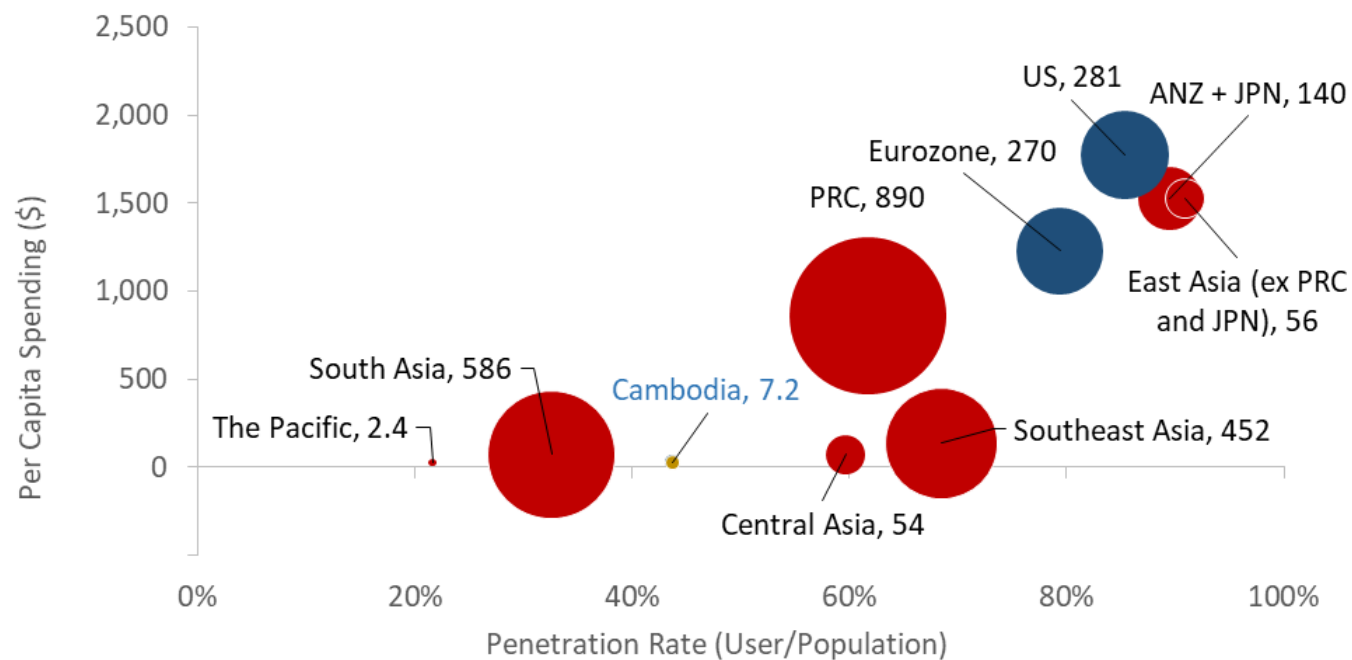
# Digital platforms critical for Cambodia

Digital Revenue in Cambodia, 2019 (% by sector)



Source: ADB calculations using data from Statista (2020a, 2020b).

Digital Market Users, 2019 (million)



ANZ+JPN = Australia, New Zealand, and Japan; Dev Asia = developing Asia; PRC = People's Republic of China; US = United States.

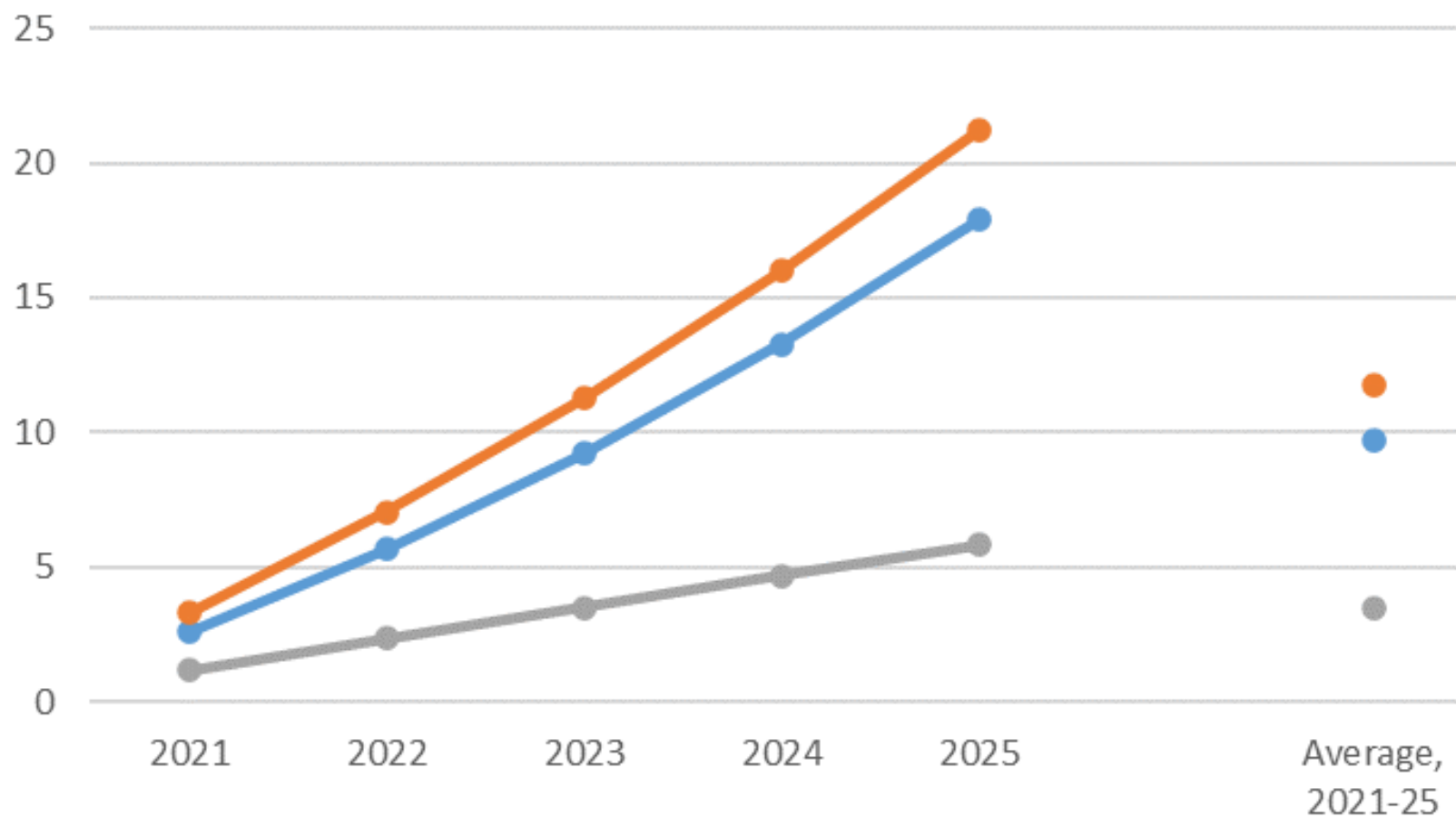
Notes: South Asia includes Bangladesh, Bhutan, India, Nepal, Pakistan and Sri Lanka. Southeast Asia includes Brunei Darussalam, Cambodia, Indonesia, the Lao People's Democratic Republic, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Viet Nam. Pacific includes Fiji, Papua New Guinea, and Timor-Leste. Euro area includes Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia, and Spain. Users refer to the AdTech-exposed internet users.

Sources: ADB calculations using data from Statista (2020a, 2020b) and World Bank. World Development Indicators. <https://databank.worldbank.org/source/worlddevelopmentindicators> (accessed July 2020).

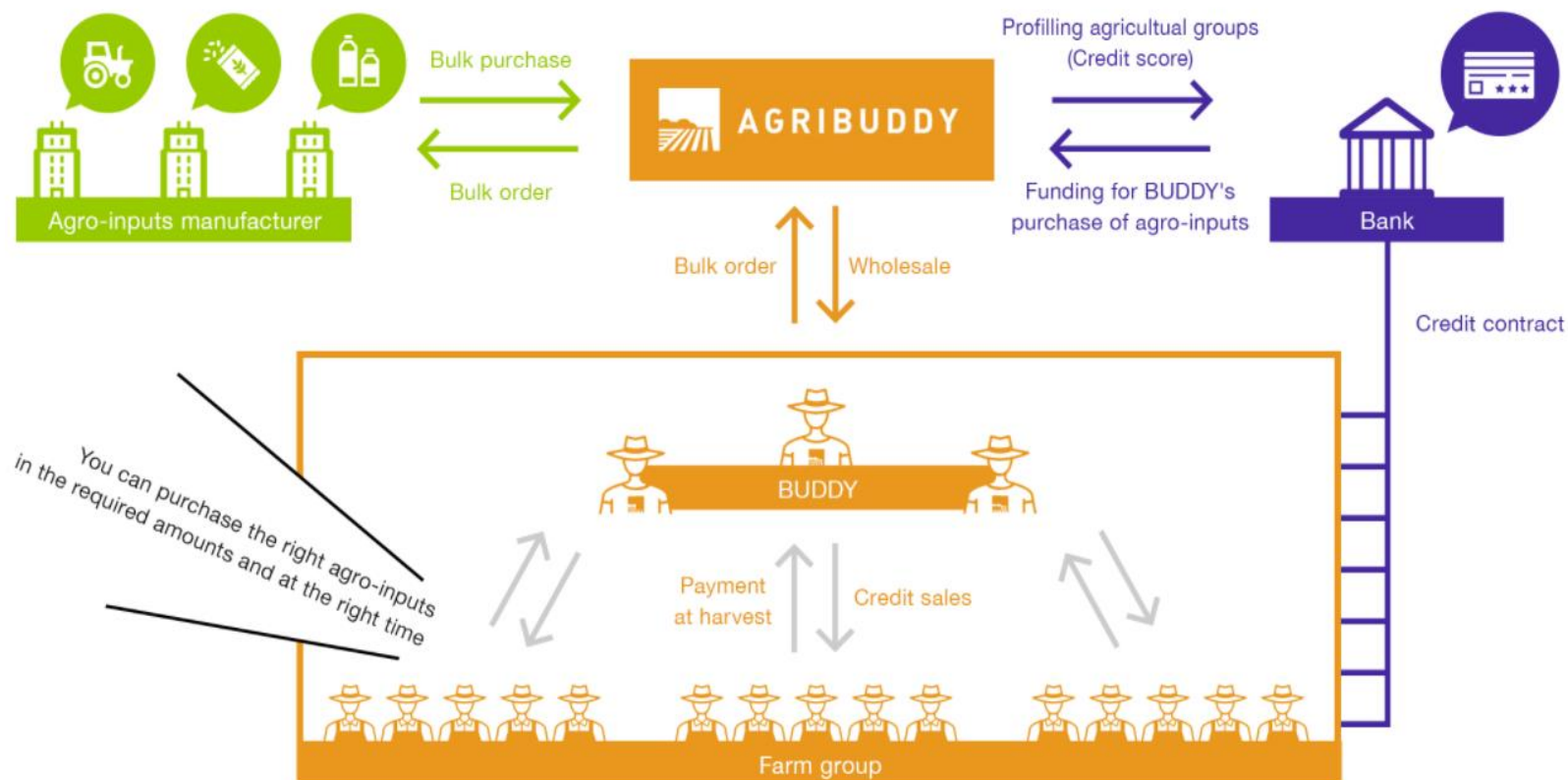
# Large effect from digital sector expansion in Cambodia

% of 2020 baseline

—●— GDP —●— Trade —●— Employment



# AGRIBUDDY improves credit scoring in agriculture



Credit sales total  
\$ 254, 478



Number of credit sales farmers  
1,973 farmers

# KIU helps SME financing in Greater Mekong Subregion and Cambodia



ADB supports KIU (an IT service company in Viet Nam) and partner banks to provide SME financing based on **AI-enabled credit scoring**.

- 8,000+ SME clients by end-March 2018, with loans up to \$50,000 per client.
- ADB provided \$100 million SME credit line to a KIU partner bank in **Viet Nam**. KIU also has partner banks in **Cambodia, Myanmar, and Bangladesh**.



# Digital Platforms contribute to SDGs



**E-commerce**—Support women as entrepreneurs, encourage the formalization and growth of MSMEs, link rural producers to urban consumers, connect MSMEs to global markets.



**Labor**—Enable flexible work arrangements, create online jobs available globally for different skill levels and abilities, additional income from local on-demand jobs



**Health and Education**—Allow medical consultations conducted online, access to specialists not available locally, access to high quality courses and instructors through MOOCs



**Financial services**—Provide access to the unbanked so they can receive payments, crowd fund micro enterprises, social projects, medical needs, etc.



**Transport and Travel**—Promote ride-hailing to multi-service platforms that both households and MSMEs use as an extra source of income from underutilized assets

Source: ADB staff.

# Big data improve the quality of policymaking

**COVID-19 revealed fundamental constraints of conventional data on households and businesses (Chetty, et al., 2020):**

- Available only at a low frequency with a significant time lag
- Cannot be used to assess granular variations across geographies or subgroups

**Big data from private platform economies will be critical in evidence-based competition policies for effective COVID-19 response and recovery:**

- Tracks economic activity at a high-frequency, granular level
- Very relevant to people's livelihoods
- Better policies to unleash potential of platform economies

# Key messages



✓ Digital platforms will propel Asia and Cambodia's economic recovery

✓ Risks and challenges include privacy and cybersecurity, tax arbitrage and loopholes, and anti-competitive behavior—critical to design appropriate policies and regulations

✓ A menu for success—affordable and quality ICT infrastructure, seamless digital connectivity, digital skills and literacy, secure online payment systems, financial access for innovative startups, efficient e-government, effective legal and regulatory frameworks



# Recent ADB knowledge products on technology

