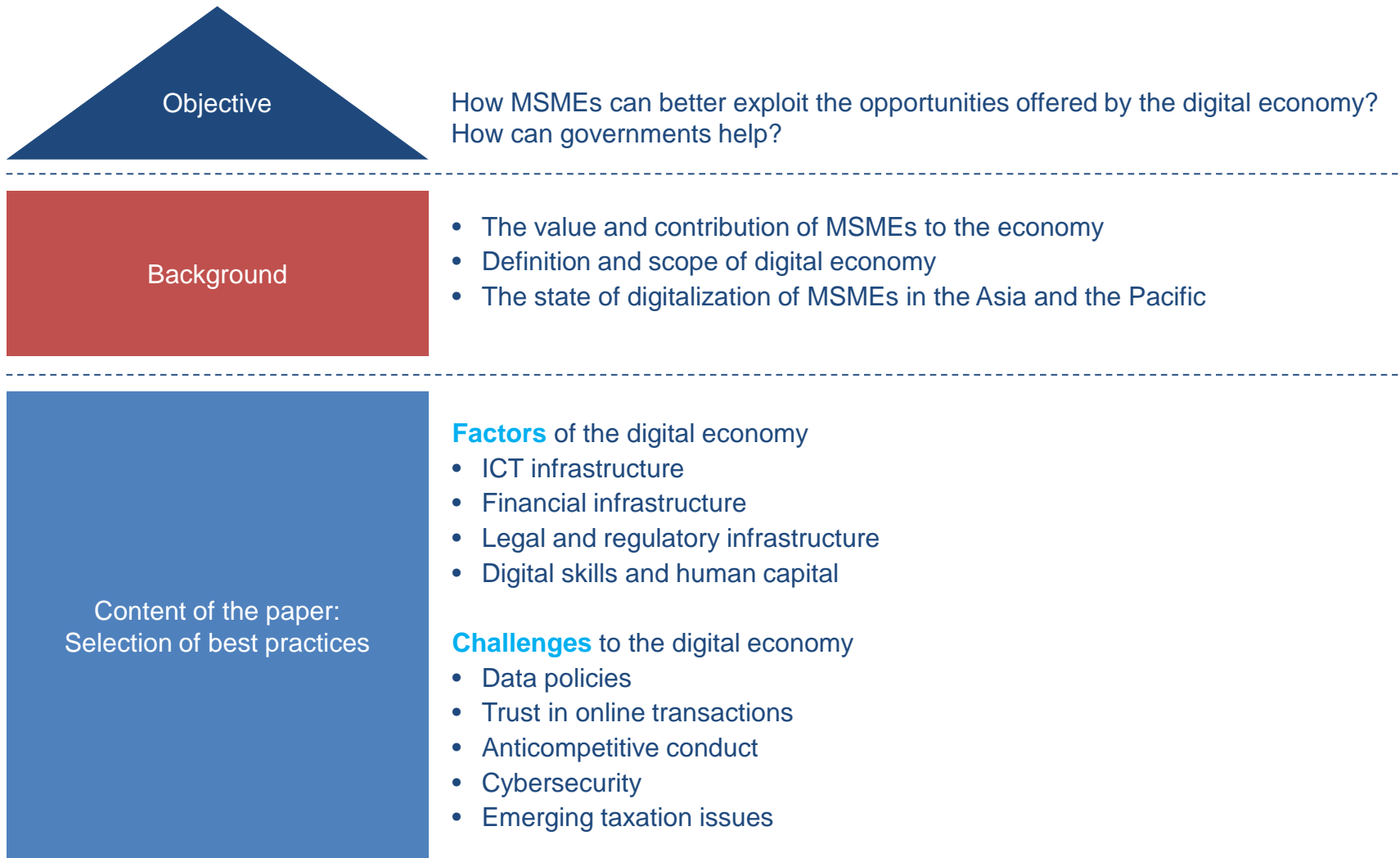


# **Micro, Small and Medium Enterprises (MSMEs) and the digital economy**

María Vásquez Callo-Müller

Asia-Pacific MSME Policymakers Network, March 1<sup>st</sup> 2021

# Overview



## 1. MSMEs in the Asia-Pacific: From a digital perspective

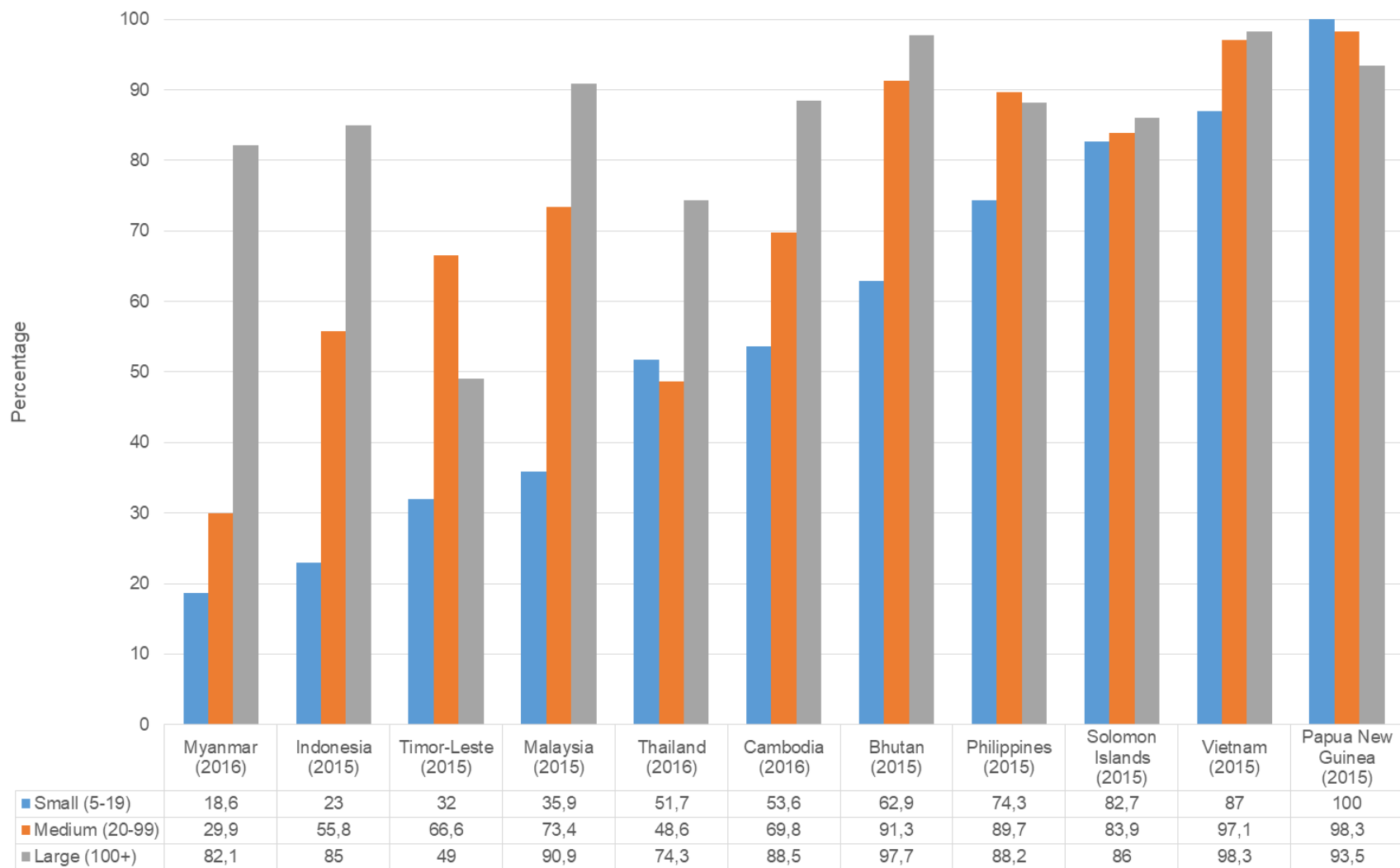
- The Asia Pacific region host one of the biggest and most developed e-commerce markets.
- 2020 UNCTAD B2C E-commerce index:
  - Singapore ranks **fourth**,
  - New Zealand ranks **eleventh**,
  - Republic of Korea ranks **eighteenth**,
  - Japan on **twentieth**.
- The pandemic has been a catalyst of technological adoption.
- MSMEs can use digital media for marketing their products, they can establish e-payments, or they can adopt e-commerce.

## 1. MSMEs in the Asia-Pacific: From a digital perspective

- However, MSME digitalization remains low:
  - In Bangladesh only 9% of firms use the internet, specialized apps, and social media (IFC, 2020).
  - In Nepal only half of MSMEs have also started using the internet, social media and specialized apps (World Bank).
  - In Singapore have adopted digitalization at the basic level (2019).
  - Low levels of awareness of cybersecurity.

# 1. MSMEs in the Asia-Pacific: From a digital perspective

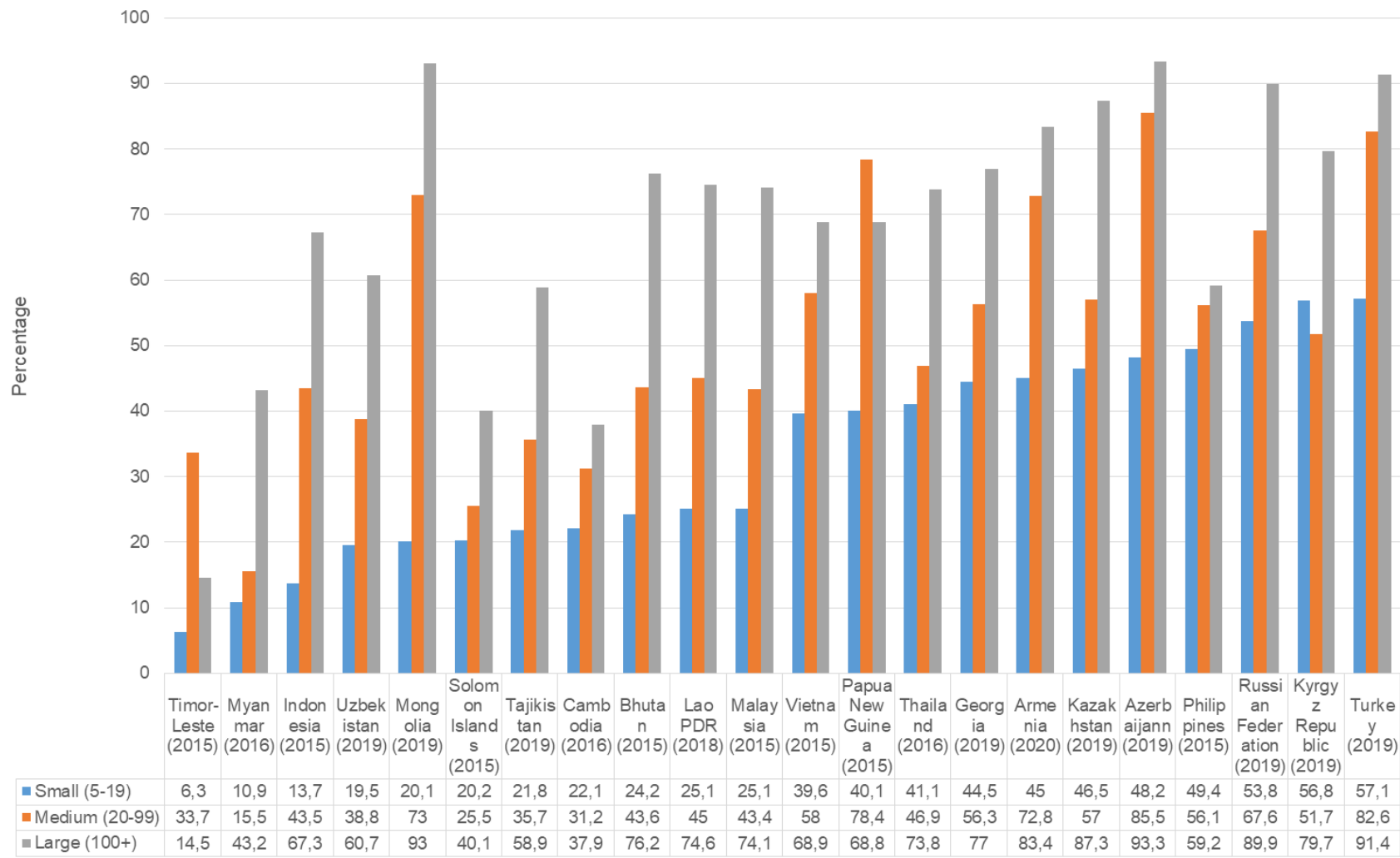
Per cent of firms using e-mail to interact with clients/suppliers



Source: World Bank Enterprise Survey Data.

# 1. MSMEs in the Asia-Pacific: From a digital perspective

Per cent of firms having their own Web site

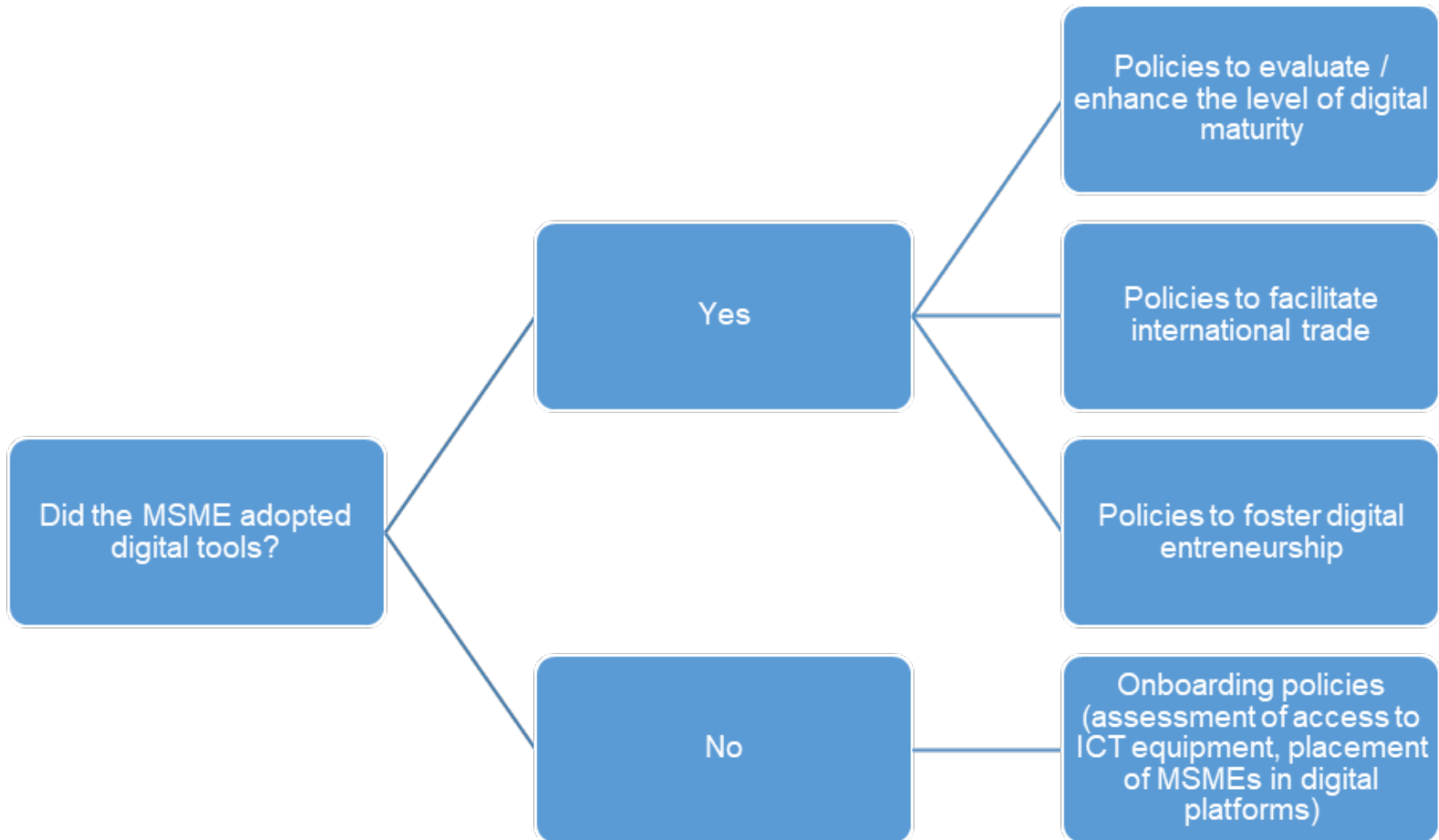


Source: World Bank Enterprise Survey Data.

# 1. MSMEs in the Asia-Pacific: From a digital perspective

- Two categories of MSMEs:
  - **‘Traditional MSMEs’**: In traditional sectors, e.g. manufacturing.
  - **‘Digital native MSMEs’**: Particularly in services sectors. Affected by the new challenges of the digital economy.
  - **Both** traditional and digital native MSMEs need to count with a legal and regulatory environment that would help them internationalize.

# 1. MSMEs in the Asia-Pacific: From a digital perspective

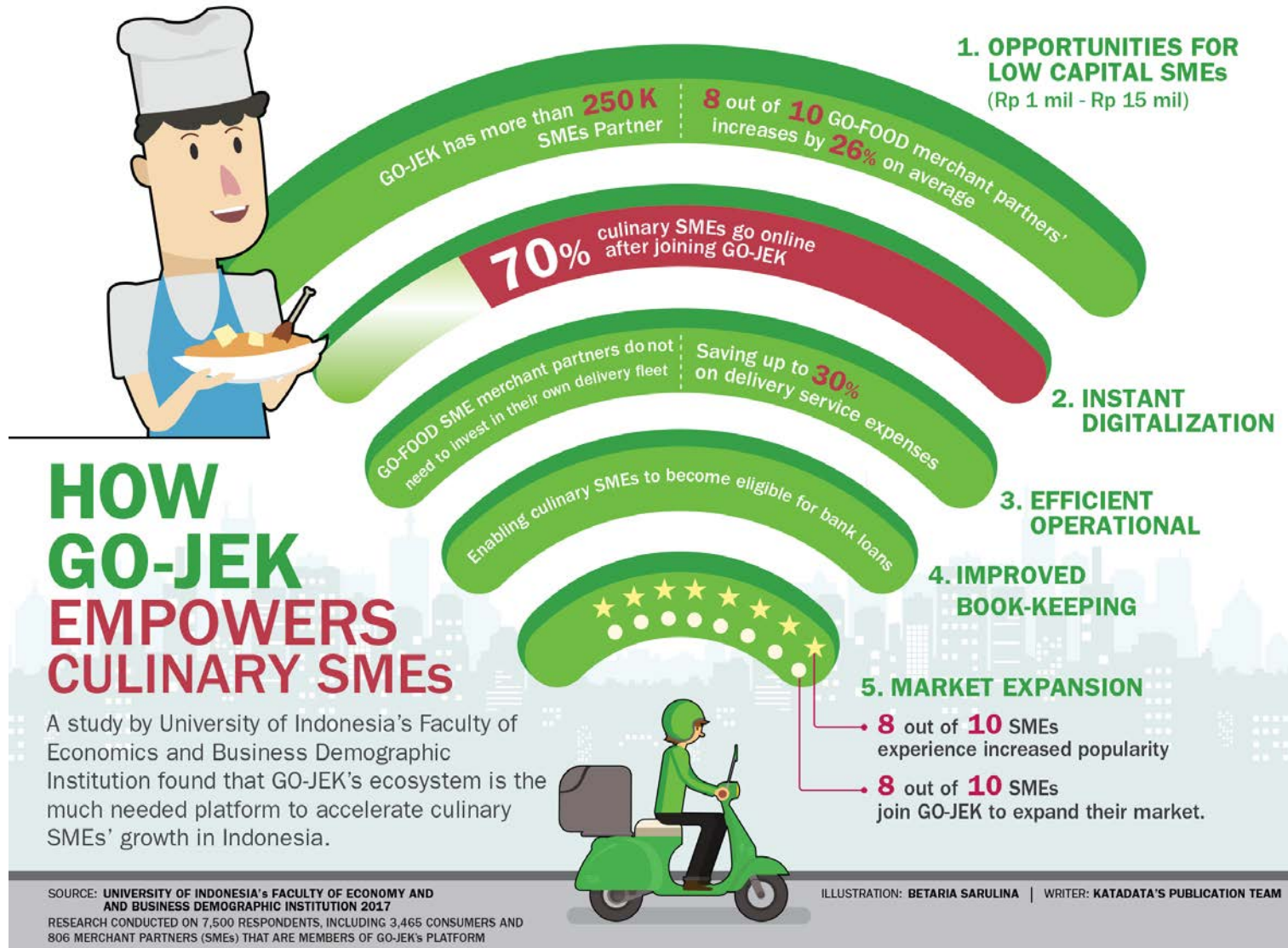


Source: Author's own elaboration.



# 1. MSMEs in the Asia-Pacific: From a digital perspective

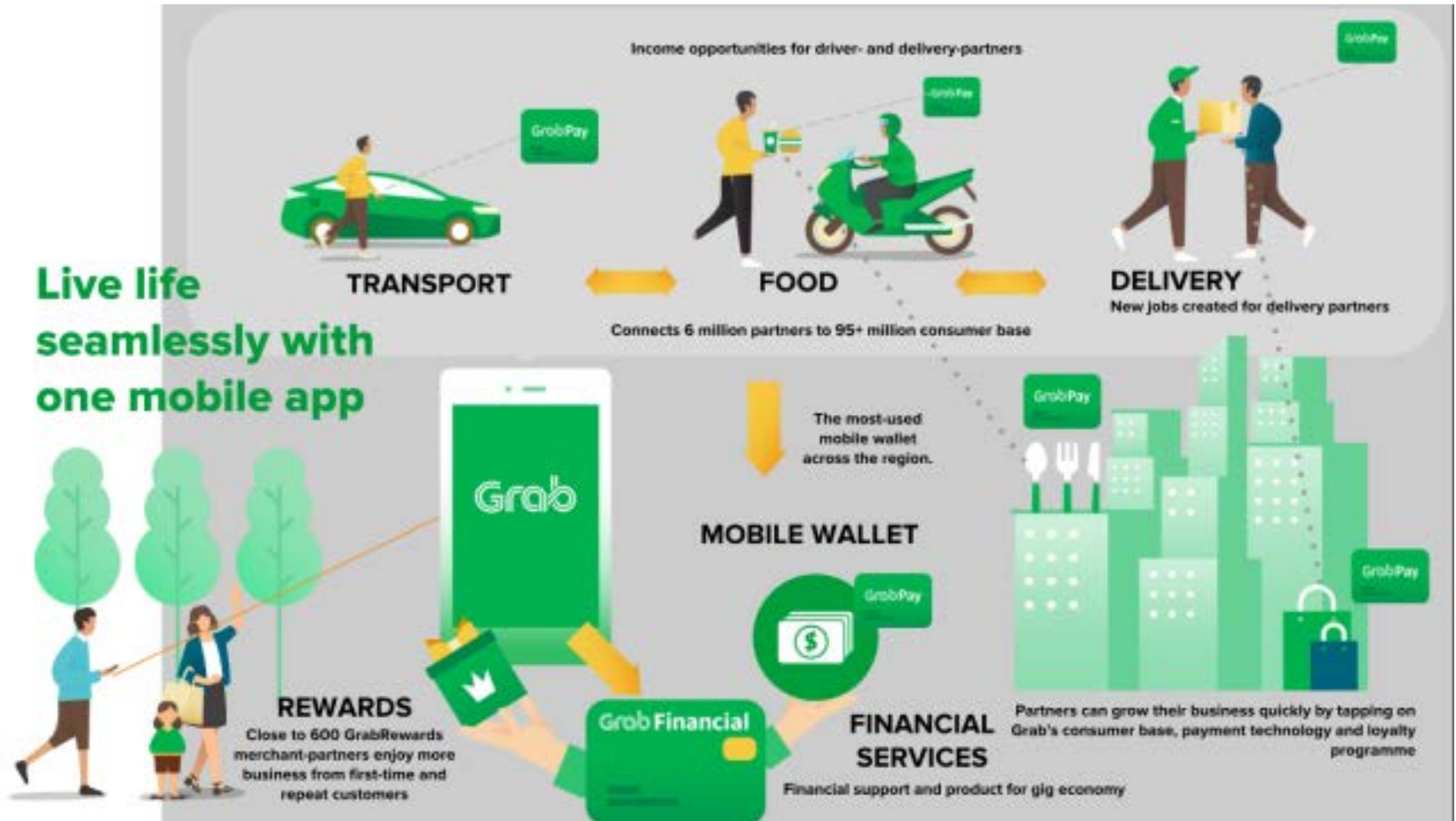
## Use of platforms



Source: Go-Jek.com.

# 1. MSMEs in the Asia-Pacific: From a digital perspective

## *Platforms as ecosystems*



Source: Grab.com.

# 1. MSMEs in the Asia-Pacific: From a digital perspective

## *Use of Blockchain in trade facilitation*

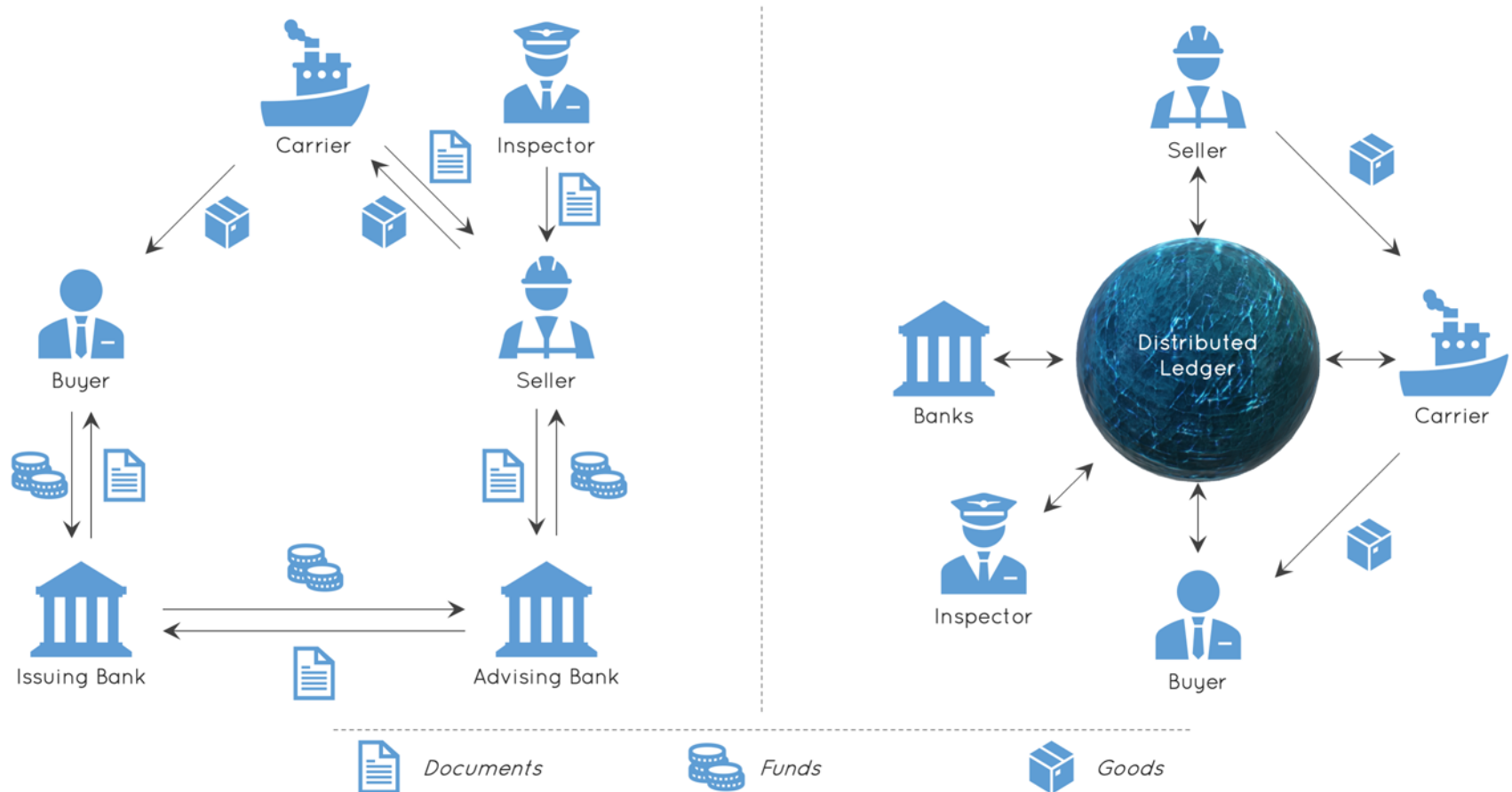
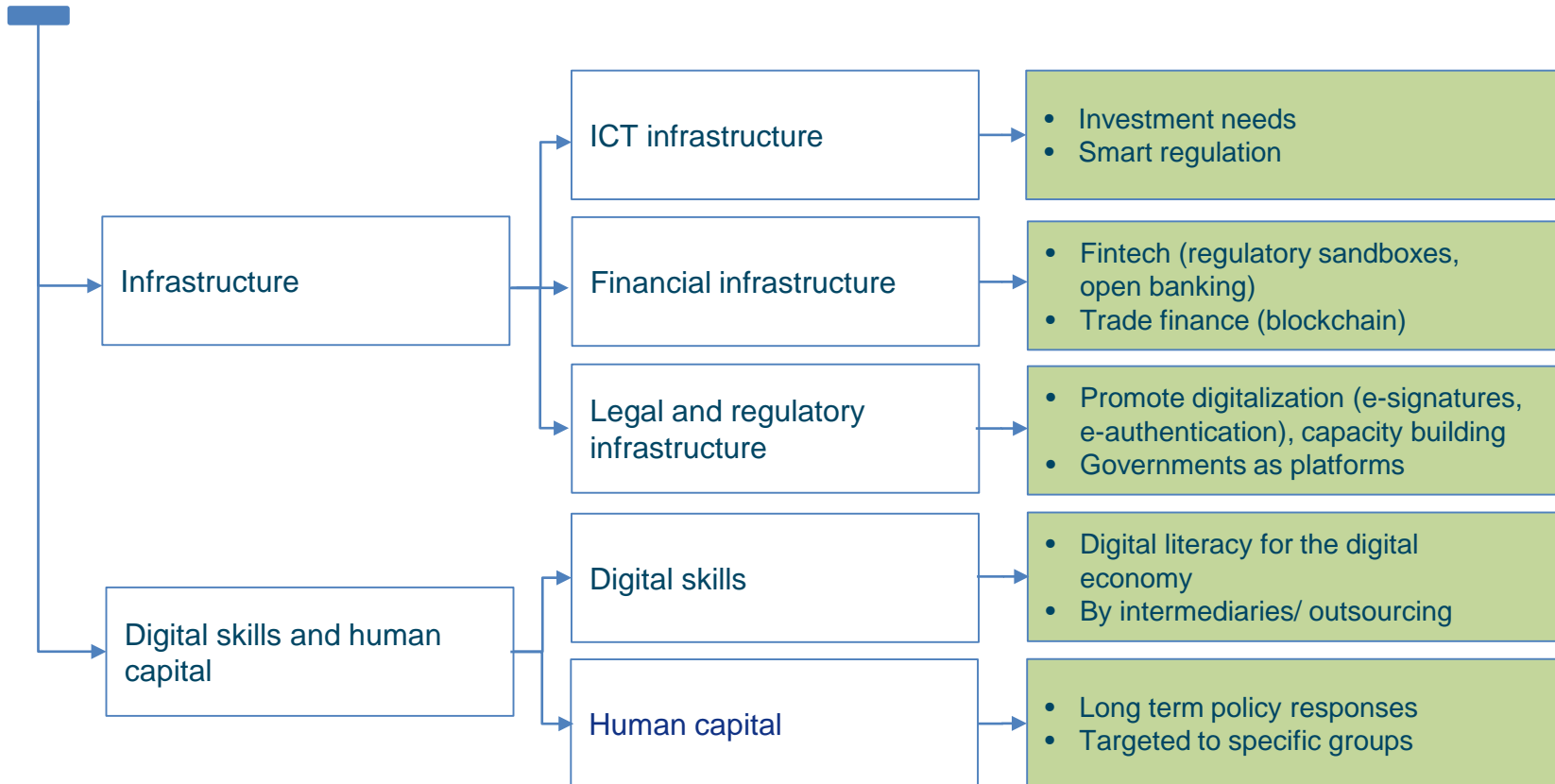


Figure 1. Traditional Trade Finance Transaction vs Blockchain-based Trade Finance. Mahanakorn Partners Group Research, 2020

Source: <https://www.mahanakornpartners.com>.

## 2. How to leverage MSMEs participation in the digital economy

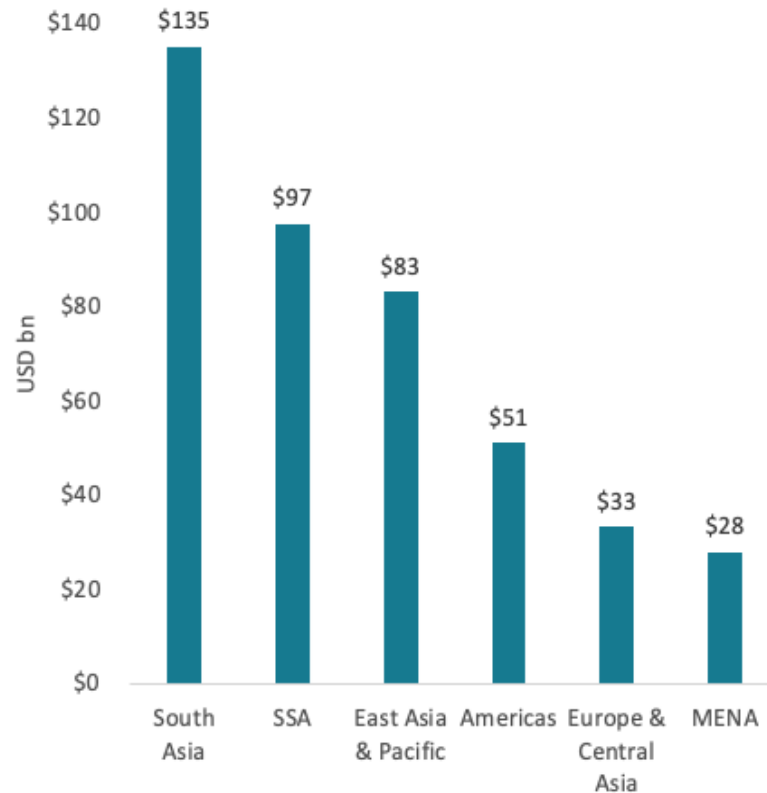
### *Improving the factors that influence the digital economy*



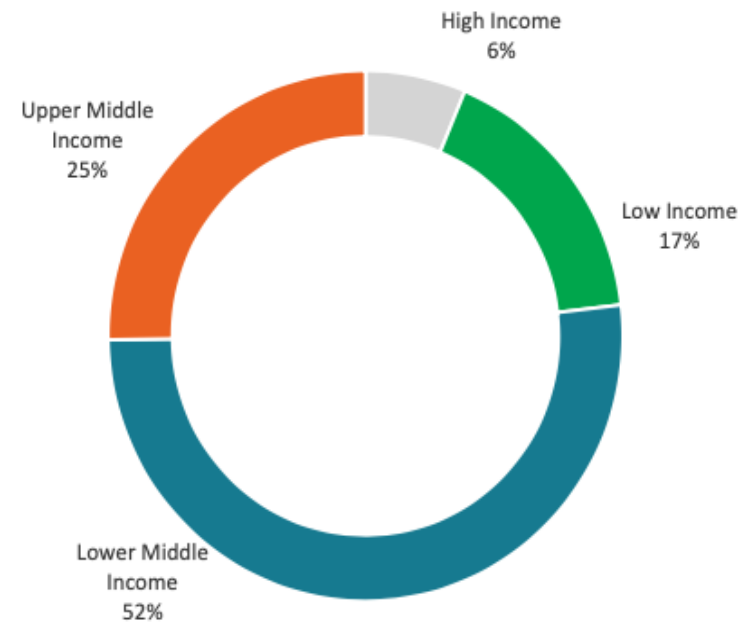
## 2. How to leverage MSMEs participation in the digital economy

### *Broadband investment needs*

Connecting Humanity to Broadband – Investment Requirements by Region



Connecting Humanity to Broadband – Investment Requirements by Country Income Group



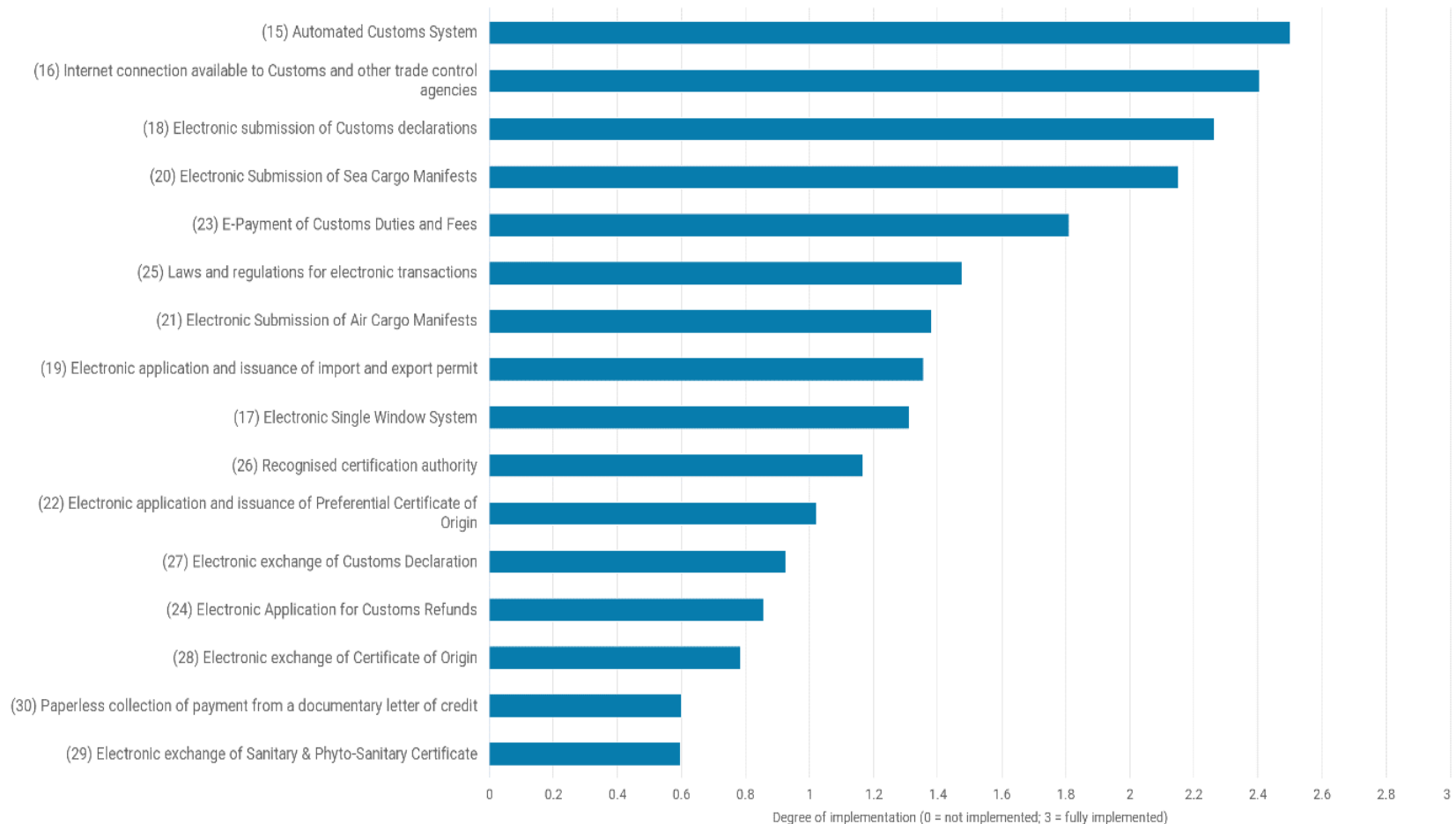
Source: ITU, 2020.

## 2. How to leverage MSMEs participation in the digital economy

*Most and least implemented paperless and cross-border paperless trade facilitation measures*

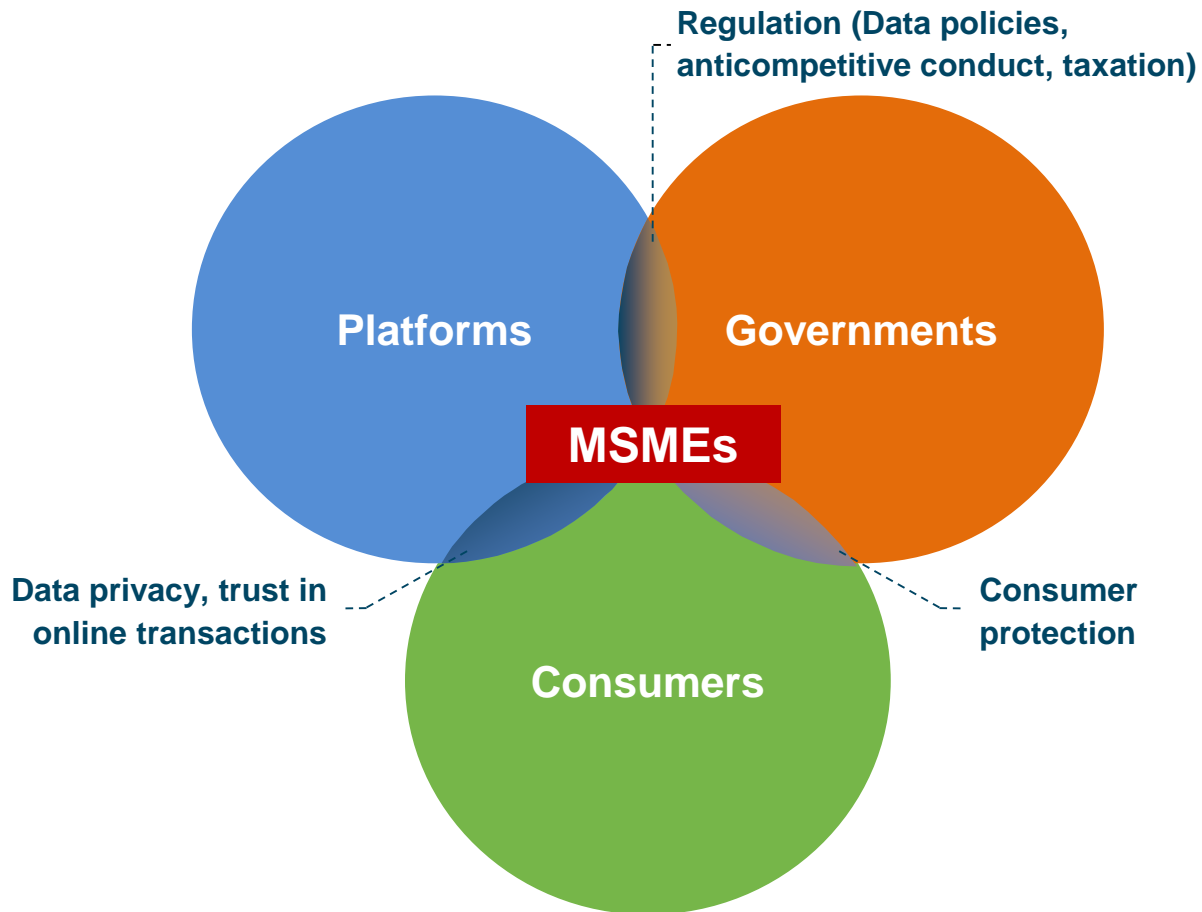
### Trade Facilitation and Paperless Trade Implementation Measures (2019)

Based on scores of 42 selected economies\* | Source: UN Global Survey on Digital and Sustainable Trade Facilitation 2019



Source: 2019 UN Global Survey on Digital and Sustainable Trade Facilitation.

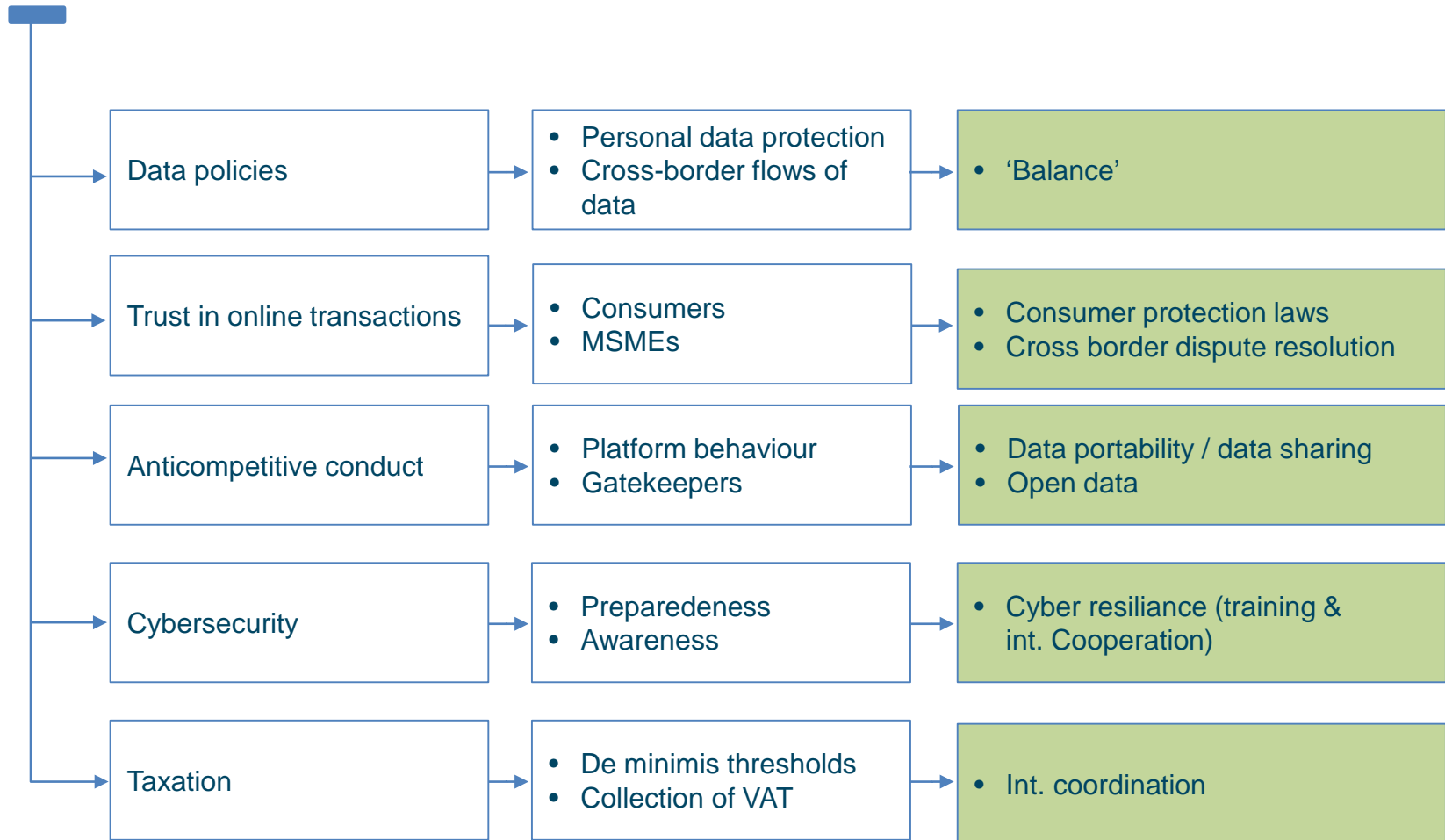
## 2. How to leverage MSMEs participation in the digital economy



Source: Author's own elaboration.

## 2. How to leverage MSMEs participation in the digital economy

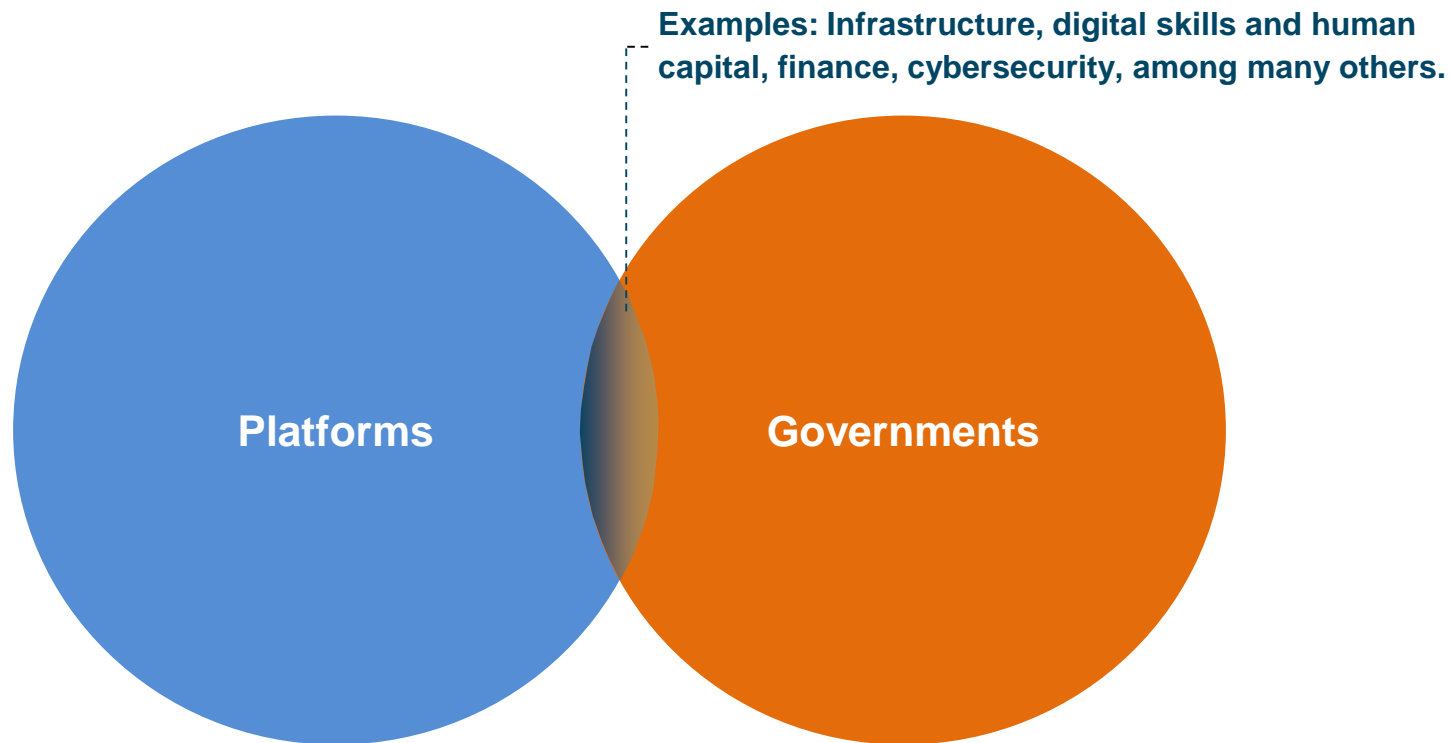
### *Adressing the challenges*





## 2. How to leverage MSMEs participation in the digital economy

*Public-Private Partnership*



### 3. Conclusions

- 1 Access to finance**
  - Finntech.
- 2 Use of digital platforms**
  - MSMEs can go immediately online.
  - Promote the adoption of digital skills.
- 3 Gov. should go digital**
  - One-stop-shop.
  - Platform.
- 4 Balanced data policies**
  - Data sharing or data portability.
  - Encourage lawful data utilization.
  - Enable cross-border data flows.
- 5 Closing the infrastrural gap**
  - Access to the internet.
  - Bear in mind new gaps.
- 6 Training human capital for the digital economy**
  - Short & long term policies.

Thank you!

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