PROMOTING e-Commerce for MORE INCLUSIVE DEVELOPMENT IN CAMBODIA

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Summary Statistics

Cambodia’s population 2016: 15.4 million

20.5 million mobile phone subscribers
(Source: MPTC, 2016).
Cambodia is a “mobile first” market, where most Cambodians go online via their mobile device.

The majority of Cambodians are unbanked:
22% of Cambodians had bank accounts in 2014, 39,000 possess credit cards, and 1.5 million people – or 10% of the population – have bank cards.
(Source: World Bank, 2015)
Cambodia had 82,926 registered fixed-line internet subscribers as of June 2016, compared to more than 7 million mobile internet subscribers (Source: MPTC, 2016).

Rapid adoption of smartphones, estimated at 50% of smartphones in 2015 (Source: MPTC, 2016)

The vast majority of e-commerce transactions are imports or domestic trade ones. While there are no statistics available on foreign eTrade volume, online exports are limited to tourism and handicrafts (including through the Government-led e-visa system)

99% of the online population uses Facebook. (Source: TNS Kandar, 2016)
The State of E-Commerce

- E-Commerce and online shopping have been increasing significantly in the past recent years, since the Internet users in Cambodia has been growing rapidly, from 1.7m users in 2011* to 7.16m users in 2016**.

- There are 33 companies are providing the Internet Service Operators and others 9 companies are providing Mobile Telephone Services; 6 among those are also providing Mobile Internet Services in Cambodia**. Unfortunately, there are very few of E-Commerce Service Providers in Cambodia.

* [http://www.opendevlopmentcambodia.net/tag/e-commerce/](http://www.opendevlopmentcambodia.net/tag/e-commerce/)

** MPTC Report, June 2016.
The Laws and Regulations

- The Civil Code (2007) has played a very important role in providing the principle rules governing and enforcing contacts or agreements.


- The draft law on e-Commerce aims to establish a comprehensive legal framework related to e-transaction. The main content of the Draft Law on e-Commerce are: e-Commerce, e-Signature, e-Government, Intermediary or service provider, Online consumer protection, Online personal information protection, Unsolicited message, e-payment, e-evidence, and Penalties.
More Popular E-Commerce Websites

- Domestic Websites:
  - Khmer 24 (www.khmer24.com.kh)
  - LittleFashion (www.l192.com)
  - My All In One Mall (www.maiomall.com)
  - 7Makara (www.7makara.com)

- International Websites:
  - Alibaba
  - Amazon
  - eBay, etc.
Very high mobile Internet penetration fueling the development of mobile solutions while access to electricity and broadband Internet, in particular in the provinces remains challenging.

Logistics players entering the complex, mostly urban market, competing with local Micro, small and medium enterprises (MSMEs) for “last mile” delivery.

Progress towards an enabling legal environment is tangible in the ICT and infrastructure fields but remains patchy for e-commerce and e-payment, leading to conservative investment decisions by major e-commerce players.

Innovative micro-entrepreneurs “learning by doing” approach compensates for the absence of dedicated e-commerce curriculum in universities or professional training courses for the private sector.
Key Findings from Market Overview

- The potential for eCommerce is significant in Cambodia.
- There is already sufficient infrastructure for eCommerce, and major players are investing to improve the infrastructure.
- Cambodia has a vibrant ecosystem of micro-entrepreneurs who are finding ways to sell goods online.
- But there are still significant barriers to true eCommerce.
- These barriers present opportunities to engage in activities to support the development of eCommerce and eBusiness in Cambodia.
- The private sector, the development sector, and trade organizations and private sector advocacy groups such as Chambers of Commerce, all have a role to play.
Strong Drivers of eCommerce growth

Infrastructure is available to support eCommerce:
- Rapid adoption of Smartphones,
- Widely available 3G network,
- Cheap data plans, and
- Many players investing in the market.

Consumers are poised to use eCommerce:
- Young consumers look to the internet for information on products to buy,
- Cambodia’s retail landscape is underdeveloped, creating a gap in the market,
- There is an emerging new ecosystem for eCommerce, including online sellers on social media, new payment options, and new players facilitating importing and distributing goods, and
- Micro-entrepreneurs are fueling growth in online shopping.
But there are significant barriers to true eCommerce

- Most eCommerce transactions are not completed online:
  - Most online sellers instruct potential buyers to “in box” them for pricing and availability.

- Few Cambodians have a bank account or credit card, so even cashless payment services require cash top-ups with an agent:
  - Delivery is arranged by personal contacts.
  - Few online merchants have the IT infrastructure required to offer online ordering and payment.

- Banks do not have the resources to assist merchants in gaining access to their payment gateways.
Promoting E–Commerce

Support from the international organizations are needed in terms of:

- Governing legal and regulatory framework.
- Implementing eCommerce strategy.
- Promoting public awareness and understanding of E–Commerce and online shopping.
- Establishing the supporting ICT infrastructure and Services.
- Raising awareness and capacity building in related areas.
- Enlarging the coverage and accessibility of the Internet.
- Promoting MSMEs to engage the E–Commerce and more.
“A vibrant private sector, which in Cambodia means MSMEs, is essential for developing new ideas, pushing doors, breaking walls and, particularly in e-commerce, developing new business models without strong legal visibility, as Government are in general slower in adapting to new business “revolutions”. We need to ensure dialogue happens and strives, and that our private sector understands how ICT is changing the way we are doing business.”

(H.E. Pan Sorasak, Minister of Commerce, Cambodia, E-Commerce Week 2017, UNCTAD, Geneva)