

Pakistan's per capita ecommerce spending amongst lowest in Asia Pacific

Page NO.15 Col No.01

KARACHI: Pakistan's per capita internet retail spending is one of the lowest in the region due to absence of online payment solutions, weak consumer protection, legislation and inadequate entrepreneurial financing, an international report said on Wednesday.

The report jointly prepared by the United Nations Economic and Social Communication for Asia and Pacific (UNESCAP) and Asian Development Bank (ADB) measured per capita internet retail spending in Pakistan at \$0.60 as compared to \$871 in Korea.

Even in central Asia states, per capita ecommerce spending is more in Azerbaijan, Georgia and Kazakhstan than Pakistan.

"In many least developed countries and developing countries in Asia and the Pacific, e-commerce use among firms is extremely low," the report said. "For instance, in September 2017, Pakistan only had some 400 e-commerce vendors, roughly 0.44 percent of its estimated 900,000 physical stores."

Pakistan ranked 120 when it comes to ecommerce readiness in the region, one of the lowest rankings only notches above Myanmar and Afghanistan, a table in the report showed, referring to the UN Conference on Trade and Development's business-to-consumer readiness index score covering 144 global economies as of 2017. The scoring was based on internet usage, secure servers, financial inclusion and economy's readiness to ecommerce.

The report, titled 'Embracing the E-commerce Revolution in Asia and the Pacific', said ecommerce is an "essential tool for building sustainable and inclusive growth". The report reviews the current state and dynamic potential of business- to-consumer ecommerce in the region. "Asia is already the world's largest e-commerce marketplace and continues to grow rapidly. However, there is wide diversity among economies in ecommerce development." The report said frequency of using cash on delivery as payment method for online transactions in select economies is a roadblock to ecommerce progress in the region.

Payment on delivery transactions account for 80 to 95 percent of internet shopping in Pakistan as compared to 91 percent in Vietnam, Bangladesh (90pc), Philippines (80pc), Thailand (70pc), China (70pc), India (67pc), and Indonesia (65.3pc), according to the report.

The report said another barrier is the inadequacy of payment solutions, “with online shopper payment systems failing to meet what online vendors need”.

The report said access to entrepreneurial financing is a major barrier for e-commerce start-ups in developing countries such as Pakistan, Bangladesh, and Myanmar. “Pakistan suffers from a lack of venture capital investment due to the absence of a well-developed start-up ecosystem.”

The report said the rapid increase in online fraud has increased costs for online vendors. “Pakistan only had draft legislation on privacy and data protection,” it said. “Consumers are also concerned over the lack of honesty among businesses and the potential misuse of personal information.” The report said Pakistan is also one of the developing countries that suffer from lack of skills, experience, and expertise to benefit from e-commerce. “For example, online vendors in Pakistan lack trained and experienced people providing customer services,” it added.

The report also stressed need for Pakistan to deal with the prevalence of fake or inferior goods as products sold on e-commerce platforms in the region have lower quality than what was shown on websites.

Pakistan also ranked 68 in terms of internet inclusiveness in Asia and Pacific, one of the lowest in the region despite growing penetration of internet-enabled devices across the country. “While an increasing proportion of populations have a mobile phone, a large proportion owns feature phones rather than smartphones. ...while in 2016 there were 71 mobile phones per 100 people in Pakistan, smartphone penetration was just 2.3 percent,” the report said. Internet users in the country surpassed the 50 million mark.

On the lowest position, Nepal ranked 70 and Cambodia 72 in the inclusive internet index, covering 86 economies and 91 percent of the world’s population. Pakistan is among the bottom five countries in terms of broadband speed.