



Note

E-Commerce in Myanmar

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Summary

The COVID-19 pandemic has been a wakeup call to the world, showing that the digital age has come and is here to stay. Countries not ensuring a policy framework which aligns with digitalization are setting for failure in the 4th Industrial Revolution. Myanmar is one country that is willing to grab this opportunity put forth by the pandemic to ensure success. The Government has taken the opportunity to bring their e-commerce regulations up to speed. This note focuses on the current e-commerce policies in Myanmar and the challenges faced with regards to e-commerce in the region.

Introduction

The COVID-19 pandemic has been a wakeup call to the world, showing that the digital age has come and is here to stay. Countries not ensuring a policy framework which aligns with digitalization are setting for failure in the 4th Industrial Revolution. Myanmar is one country that is willing to grab this opportunity put forth by the pandemic to ensure success. The Government has taken the opportunity to bring their e-commerce regulations up to speed. This note focuses on the current e-commerce policies in Myanmar and the challenges faced with regards to e-commerce in the region.

Existing e-commerce policies in place in Myanmar

Electronic transaction law

The Electronic Transaction Law came in to play on 30 April 2004 to address the play's e-commerce state of play in Myanmar. The aims of the law are captured in Article 3. They are set out as follows; (a) to support with electronic transactions technology in building a modern, developed nation; (b) to obtain more opportunities for all-round development of sectors including human resources, economic, social and educational sector by electronic transactions technologies; (c) to recognize the authenticity and integrity of the electronic record and electronic data message and give legal protection thereof in matters of internal and external transactions, making use of computer network; (d) to enable transmitting, receiving and storing local and foreign information simultaneously, making use of electronic transactions technologies; (e) to allow

communicating and co-operating effectively and speedily with international organizations, regional organizations, foreign countries, local and foreign government departments and organizations, private organizations and persons, making use of computer network.¹ The Electronic Transactions Law is designed to cover any electronic record or message.² It does not apply to wills, trusts or documents attesting to the title.³ The law also gives recognition to contracts done online

Economic policy

The Economic Policy of the Union of Myanmar, although tasked with bringing in the transition from a least developed country to a medium economic country, gives an essential role to the digital economy. It is people-centred (which ensures adequate customer care in e-commerce) and aims to achieve inclusive and continuous development.⁴ The policy seeks to create a digital government strategy and an e-government system.⁵ The Government's attitude towards introducing and implementing electronic procedures is a step forward for Myanmar and will aid the country in their rise within the new digital era.

e-Governance Master Plan of 2015

The e-Governance Master Plan is in place to put everything in the Government in line with e-commerce.⁶ By consolidating the health, transport, mining and agriculture sector (to say the least) under e-commerce will ensure that e-commerce in Myanmar will succeed as such an endeavour makes sure that the e-commerce scene is ready to trade and do business electronically.

¹ The Electronic Transactions Law; Law No.5/2004 available at [https://www.myanmartradeportal.gov.mm/uploads/ecommerce/2019/11/Electronic%20Transactions%20Law%202004\(English\).pdf](https://www.myanmartradeportal.gov.mm/uploads/ecommerce/2019/11/Electronic%20Transactions%20Law%202004(English).pdf).

² Ibid, Article 4(a).

³ Ibid, Article 5.

⁴ Economic Policy of the Union of Myanmar, Vision available at https://themimu.info/sites/themimu.info/files/documents/Statement_Economic_Policy_Aug2016.pdf.

⁵ Ibid, 4.

⁶ Myanmar e-Governance Master Plan, available at https://www.motc.gov.mm/sites/default/files/Myanmar%20e-Governance%20Master%20Plan%20%282016-2020%29%20English%20Version%28Draft%29_0.pdf.

e-Commerce Guidelines 2020

Myanmar has set in place e-Commerce Guidelines 2020, set to be released at any moment now. These are paramount in bringing about the preparedness of Myanmar as a competent player in the global market. One of the tremendous and commendable undertakings that the Government of Myanmar did regarding the e-commerce guidelines is to put out the draft for circulation to stakeholders for comments.⁷ The Guidelines' main objectives are to promote the sustainable development of e-commerce activities and adequately safeguard consumers' rights and interests. These Guidelines will apply to all transactions conducted within Myanmar. The key features of the Guidelines (*still at the draft*

stage) are e-Commerce Operations and Related Sub-categories, Licensing Procedures for e-commerce Activities, Conditions Applicable to e-Commerce Operators, e-Commerce Platform Operators, e-Commerce Operations and Services, Information regarding Disclosures, Transparency, and Registration, Data Protection, Consumer Education and Dispute Resolution and Existing Laws and Regulations.⁸ The Guidelines attempt to cover every aspect that may arise regarding e-commerce, and this is commendable to ensure that where a gap may occur, the law is clear as to what ought to be done. When they come into law, the Guidelines will provide a boost for e-commerce in Myanmar.

Table 1: Overview of existing e-commerce policies

Policy/regulation title	Date of entry into force	Objective of the policy/regulation	Link to the policy/regulation
Electronic Transaction Law	30 April 2004	<ul style="list-style-type: none"> ● Support electronic transactions technology in building a modern developed nation ● Give legal recognition to electronic documents such that they are enforceable by the law like e-contracts (wills and trusts not included). 	https://bit.ly/3ptpbM9
Economic Policy of the Union of Myanmar <i>highlights the digitalization of all governmental sectors hence a move in supporting e-commerce</i>	28 July 2016	<ul style="list-style-type: none"> ● Support national reconciliation and the emergence of a united federal democratic union. ● Achieve balanced economic development across the States and Regions. ● Create opportunities for the emergence of capable and skilled new generations for the benefit of the country. ● Establish an economic system that can achieve and maintain positive development outcomes through all 	https://bit.ly/2YajQgH

⁷ Nishant Choudhary, Arijeet Nandi, Myanmar: Key Features of the E-Commerce Operation Guidelines 2020, 5 August 2020 available at <https://www.dfdl.com/resources/legal-and-tax->

[updates/myanmar-salient-features-of-the-e-commerce-operation-guidelines-2020/](https://www.dfdl.com/resources/legal-and-tax-updates/myanmar-salient-features-of-the-e-commerce-operation-guidelines-2020/).

⁸ Ibid.

		citizens' participation, innovation, and efforts.	
e-Governance Master Plan of 2015	28 July 2016	<ul style="list-style-type: none"> ● Provide effective services through ICT technology as a useful tool. 	https://bit.ly/39fHJtj
Draft e-Commerce Guidelines 2020 <i>(although set for 2020, the document not yet been released in 2021)</i>	1 June 2020	<ul style="list-style-type: none"> ● Promote the sustainable development of e-commerce activities and adequately safeguard the rights and interests of consumers 	https://bit.ly/3c9YcRC

Table 2: Existing reports and studies published on e-commerce in Myanmar

Title of the report/study	Author	Date of publication	Objective of the report/study	Link to report/study
Myanmar: Rapid e-Trade Readiness Assessment <i>(aim to strengthen the ability of developing countries to engage in and benefit from e-commerce by addressing seven relevant policy areas like e-commerce readiness assessment and strategy formulation)</i>	UNCTAD	2018	Government ought to: <ul style="list-style-type: none"> ● educate and give knowledge related to ICT ● enact legal instruments that are ICT friendly ● ensure there are structures to assist in the development of ICT infrastructure 	https://bit.ly/3t4nMOe

<p>Opportunities and Challenges of e-Commerce and Internet Marketing in Myanmar</p>	<p>Dr Sein Min</p>		<ul style="list-style-type: none"> ● Give an overview of Myanmar Businesses and the use of ICT ● Present e-Commerce, Internet Marketing and e-Marketplace in the country ● Develop Critical Success Factors in Electronic Platforms ● Outline the opportunities of e-commerce in Myanmar 	<p>Opportunities and Challenges of e-Commerce.pdf</p>
<p>Next Generation of E-commerce's Impacts on Myanmar Business Era</p>	<p>Nu Yin Kyaw</p>	<p>May 2020</p>	<ul style="list-style-type: none"> ● Investigate the importance of Ecommerce's next-generation so-called M-commerce in Myanmar business space. ● Present M-commerce and how it helps improve buying and selling goods and services through wireless handheld devices. 	<p>file:///C:/Users/user/Downloads/Next_Generation_of_E-commerces_Impacts_on_Myanmar.pdf</p>
<p>Good Practice Guides</p>	<p>TradeWorthy</p>	<p>May 2020</p>	<ul style="list-style-type: none"> ● The Good Practice Guides were done in consultation with 10 of the leading industry players in Myanmar and deal with consumer goods, food service, groceries, transportation and travel. ● The Guides describe what needs to be done, so getting their inventory in order is the software they need, and this is how they have to deal with the pandemic so best practices on contactless delivery, digital payments... 	<p>https://bit.ly/3c89ohH</p>

Myanmar is a country at the brink of development, surrounded by China, Thailand, India and Bangladesh. Myanmar attempting to rise amidst huge world players like China is fascinating to behold. This background has sparked interest in international organizations of how Myanmar can best adapt to attain the same level that its neighbouring countries have achieved.

Current challenges regarding e-commerce in Myanmar

Despite the sharp increase in online businesses and activities, Myanmar's current situation poses some limitations and challenges. The challenges reflect the lack of readiness of the country to ride on e-Commerce. Most critical factors are network infrastructure, including narrow and broadband, and Internet access costs.⁹ However, legal norms and standards (covering contract enforcement, consumer protection, liability assignment, privacy protection, intellectual property rights and process) and technical standards (regarding online payments and product delivery, security, authentication, digital signatures, and connectivity protocols) are also significant policy considerations in e-Commerce implementation.¹⁰

Lack of trust in e-commerce facilities

The most significant refraining factor for the growth of e-commerce in Myanmar is the power of offline retail. Many businesses in Myanmar rely on offline retailers for the business's revenue growth¹¹ such that the payment processing systems are underdeveloped. However, the availability of digital payment service providers

has increased drastically compared to five years back. Due to the lack of a well-developed payment processing system, most online vendors are currently operating cash on delivery payment systems. Statistics show that only 6% of the population have active bank accounts¹², thus hampering bank transfers. A recent report of Digital 2020 Myanmar stated that only 3.6% of the adult 15+ make online purchases and pays bills online. While 19% of Thailand adult make online purchase/pay bills online.¹³ With a mostly cash economy, the proper infrastructure to process electronic payments will need to be developed, and Myanmar people will have to get used to the idea of paying for goods electronically, and before they are delivered.¹⁴

The statistics of the bank users in Myanmar illustrate another lack of trust in the Information and Communication Technology (ICT). Lack of confidence in ICT hampers the progress of the establishment of e-commerce. Online banking services are only used by two per cent of mobile owners, and the preferred way of payment is Cash On Delivery (COD), accounting for around 95 per cent of all e-commerce transactions.¹⁵ Banks need to invest in technology and know-how so that their systems are ready for online payments.

Lack of literacy

One of the significant issues in emerging digitalization countries is the lack of digital literacy, ICT skills and the general know-how of e-commerce. The lack of such knowledge hampers the growth of the e-commerce facility, resulting in lost time that could have been spent on developing the infrastructure. The Government of Myanmar has a huge role in educating merchants

⁹ Dr. Sein Min, Opportunities and Challenges of e-Commerce and Internet Marketing in Myanmar, available at https://www.academia.edu/30973567/Opportunities_and_Challenges_of_e-Commerce_and_Internet_Marketing_in_Myanmar.

¹⁰ Ibid.

¹¹ Aung Kham, "What Myanmar Needs for the e-Commerce Growth," 14 January 2020 available at <https://myanmar-entrepreneur.com/myanmar-needs-e-commerce-growth/>

¹² UNCTAD, Myanmar: Rapid e-Trade Readiness Assessment, 2018, available at https://unctad.org/system/files/official-document/dtlstict2018d1_en.pdf.

¹³ Myanmar Business Today, Myanmar E-commerce Current Scenario, 17 July 2020 available at <https://mmbiztoday.com/myanmar-e-commerce-current-scenario/>.

¹⁴ MultiVerse Advertising, E-Commerce in Myanmar, 11 November 2017, available at <https://multiverseadvertising.com/e-commerce-myanmar/>.

¹⁵ (n 6) UNCTAD, Myanmar: Rapid e-Trade Readiness Assessment.

and consumers on the benefits and pitfalls of digital work and e-commerce. Government has a role to play in educating the population on digital products and making sure that educational institutions incorporate digital literacy in their curriculum.¹⁶

Reliability of Service Providers

For e-commerce to succeed in Myanmar, there ought to be faster and more affordable internet and more comprehensive shipping and delivery services. Though international shipping companies like DHL have made their way to Myanmar, most of the deliveries are done from door-to-door in the country's largest cities and completed on motorcycle or bike.¹⁷ There have been reports that higher costs of delivery of goods due to the lockdown.¹⁸

One major constraint in adopting and implementing the e-Commerce and Internet marketing is poor infrastructure and capacity in the Internet and communication system.¹⁹ Myanmar has a telecommunication (including Internet) network system, which is satisfactory in regular communication. However, they are still insufficient and unsupportive to commercial use, i.e. for e-Commerce and Internet marketing. Data transmission speed is still low on average, and the high-speed data transmission channels need to be installed or upgraded.

Supply and delivery chain disruptions are challenges that have to be overcome in Myanmar if e-commerce is to be a reality. Further, transport and storage facilities have been highly exorbitant prices²⁰, more so the infrastructures to support both transport and storage are currently inadequate. Hence the Government ought to remedy this issue for e-commerce to thrive in the

country. Ease of logistics is one of the factors needed to contribute to the success of e-commerce.²¹ For Myanmar, big cities are well-managed, but small towns cannot be dealt with just a simple logistic plan. Thus for e-commerce to be a success, there is a need that the entire country, not big cities only be well prepared and logistically positioned to allow easy flow of e-commerce. A package from Yangon to southern Shan State will take 10 to 24 hours trip, and e-commerce websites take two days as a contingency time.

Covid-19 Pandemic

Following the removal of sanctions in 2014 in Myanmar and the liberalization of the telecommunications industry, the telecommunications infrastructure in Myanmar has been steadily developing, resulting in positive implications on the country's e-commerce.²² The outbreak of the Coronavirus in 2020 is having a significant impact on production and supply chains globally. During the coming year, the telecoms sector to various degrees is likely to experience a downturn in mobile device production. It may also be difficult for network operators to manage workflows when maintaining and upgrading existing infrastructure. Overall progress towards 5G may be postponed or slowed down in some countries.²³ Disturbance of the ongoing steady pace is a considerable challenge to e-commerce in the country.

Conclusion

Myanmar is on the verge of creating a market based on e-commerce. The country's steady progress and the reasoned advice from various stakeholders will ensure that Myanmar's struggles in establishing their e-commerce platforms will be overcome.

¹⁶ Ibid.

¹⁷ (n 11) MultiVerse Advertising.

¹⁸ UNCTAD, "Myanmar shows great e-commerce promise in COVID-19 response," 20 October 2020 available at <https://unctad.org/news/myanmar-shows-great-e-commerce-promise-covid-19-response>.

¹⁹ (n 9) Dr Sein Min.

²⁰ (n 18) UNCTAD, "Myanmar shows great e-commerce promise in COVID-19 response."

²¹ (n 15) Aung Kham.

²² (n 11) Myanmar: Rapid eTrade Readiness Assessment.

²³ Lancaster. H, "Myanmar (Burma) - Telecoms, Mobile and Broadband - Statistics and Analyses," 28 April 2020 available at <https://www.budde.com.au/Research/Myanmar-Burma-Telecoms-Mobile-and-Broadband-Statistics-and-Analyses>.



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