



Country Update

The State of E-Commerce in Jamaica

By Felicia Haffar

Introduction

In the Caribbean, there have been a number of efforts aimed at promoting the facilitation of e-commerce. The Jamaican government aims to take advantage of the benefits that come from e-commerce, while at the same time ensuring the protection of consumers from the illegal use of technology. It is apparent that the expansion of e-commerce globally provides benefits in terms of increasing trade and commercial ties. As a result, the Jamaican government is motivated to expand their digital footprint. There has been an increase in the number of internet users in Jamaica, evident from the latest census conducted by the World Economic Forum in 2019 which discovered that 55.1% of the adult population in Jamaica are internet users, an increase from 45% between 2017 and 2018.¹ According to the Jamaica Observer, as of 2017, Jamaica is the third largest internet user base in the Caribbean, ranking 12th out of 58 countries surveyed in the Internet Accessibility Index in 2017.²

Regulatory Framework

There are a number of laws regarding e-commerce including e-transactions law, consumer protection, data protection and privacy, and cybercrime and security.

E-transactions Law

In 2006, the Electronic Transactions Act (ETA) was enacted, which provided the legal framework for secured electronic commerce. The implementation of this act has led to a significant increase in the use of e-commerce especially by businesses which are now able to provide consumers with various payment options such as paying bills online and making purchases from businesses in the US with US dollar credit cards. The act also includes clauses to regulate electronic signatures, and also allows the Minister of Commerce to issue regulations concerning the facilitation of e-commerce.

Consumer Protection

One of the priorities of the government is consumer protection which aims to ensure the protection of consumers in the context of the supply of goods and provision of services. Acts involving consumer protection are the Trade Act 1955 and the Consumer Protection Act 2005. In these acts, obligations are imposed on the sellers of goods and services using electronic transactions both inside and outside of Jamaica. Some of these obligations are the requirement of sellers to make information concerning goods and services readily available to consumers and to give consumers access to electronic copies with total costs, and the chance to review, correct or withdraw from transactions.

¹ Information available at: "The Global Competitiveness Report 2017-2018." <http://www3.weforum.org/docs/GCR2017-2018/05FullReport/TheGlobalCompetitivenessReport2017-2018.pdf> and "The Global Competitiveness Report 2019." http://www3.weforum.org/docs/WEF_TheGlobalCompetitivenessReport2019.pdf

² More details available at: http://www.jamaicaobserver.com/technology/jamaica-third-largest-internet-user-base-in-the-caribbean-third-largest-internet-user-base-in-the-caribbean-jamaica_131930?profile=1373

Data protection & privacy

Jamaica has had a Data Protection Bill since 2012 but there had been no progress towards its implementation. Until recently, in 2019, the government has been pushing to complete and implement the bill which is aimed towards providing consumers with necessary safeguards to control personal information online. The ETA also has some elements of data protection and privacy, where it provides protection of 'personal information' including sensitive data such as age, race and religious views. The act does not give any reference to the processing of sensitive information, but consumers have a right to request the privacy policy of suppliers and sources of sensitive information that are to be processed by a person sending unsolicited mail. Another policy concerning data protection and privacy in the ETA is the obligation of sellers to maintain discretion on information about customers including but not limited to location of customers and types and quantity of products/ services used.

Cybercrime and cybersecurity

The Cybercrimes Act was enacted in 2010 and addresses computer integrity offences. The Interception of Communications Act was also enacted which criminalizes acts of interception through general prohibition and identifies certain lawful reasons for interception.³

Hard and Soft Infrastructure

In terms of soft infrastructure, an agreement was made in 1999⁴ to allow the entrance of telecommunication services in Jamaican markets. This agreement led to a rapid growth in mobile-cellular usage and a decline in the use of fixed lines, although fixed lines are still used for household connectivity. This liberalisation of the telecommunications sector has led to the maturity of the ICT policy environment. The Telecommunications Policy was enacted in 2009,

aimed at increasing the prevalence of mobile communications devices to expand the use of the internet to e-government services and e-commerce. In addition, the National Information and Communications Technology (NICT) Strategy is a policy document regarding the development of the ICT sector in Jamaica. An important aspect of this strategy is e-government, which has been anticipated to promote social and economic development by using ICT applications to make information readily available to Jamaicans.

Attempts to further move towards an efficient digital economy include the transition of Jamaica's eGov service towards an ICT authority which will be responsible for the creation of a sustainable digital agenda across the government to enhance the use of technology. Through the current eGov service, the government has started testing out new software to improve the efficiency in providing certain services to Jamaican citizens. For example, a prototype for an online platform called myGovJm has been created and is being tested out to perform the function of connecting Jamaican citizens directly to the government and "provide a voice for the people" according to the Minister of Technology, Fayval Williams. Moreover, a software called Tax Administration of Jamaica (TAJ) has been created to allow citizens to perform functions such as paying for motor-vehicle registration fees and fitness fees online⁵. +

The Jamaican Connectivity Report reinforces the idea that Jamaica has multi-modal connectivity to the internet. The report listed three means of internet connectivity:

- A submarine cable linking Jamaica to North America through the Montego Bay Freeport
- A network called Fibralink connecting Americas Region Caribbean Optical Ring System (ARCOS) in the Dominican Republic to three sites in Jamaica
- A submarine cable called Trans Caribbean Cable Network 1 (TCCN1) connecting the

³ More detail of laws available at: https://unctad.org/en/PublicationsLibrary/dtlstict2017d9_en.pdf
⁴ Study available at: <https://core.ac.uk/download/pdf/36725628.pdf>

⁵ Information on online platforms through eGov available at: <https://jis.gov.jm/govt-developing-apps-to-improve-services/>

Caribbean to the United States and South America.

The internet provider sector has come a long way in Jamaica from having a monopoly, Cable & Wireless (C&W), to multiple internet providers such as Digicel, Flow and Xtrinet Wireless among many others. This increase in competition has led to the reduction in the cost incurred by consumers in switching from one service provider to another. In 2012, the merger between Flow and Digicel, two rivals in the mobile sector, led to the extension of 3G networks across the country and the development of their LTE services. This merger has increased access to broadband services and provided many Jamaicans with internet coverage. Although there has been an increase in internet usage, some of the population does not have access to hardware allowing them to take advantage of internet connectivity. This makes programs such as eGov, an online platform to improve service provision to Jamaican citizens, difficult to implement. Jamaica is the first Caribbean country that has come up with a program like this and the accessibility of internet connectivity to all citizens is necessary for this system to be effective. A study provided by the Fair-Trading Commission Jamaica⁶ discovered that the population that did have access to internet connectivity indicated high levels of satisfactions with their ISPs with 84% of the surveyed being “very satisfied” or somewhat satisfied”.

Opportunities and challenges

There are a number of opportunities that arise from the increased use of e-commerce. For Jamaica, one of these is a higher level of web presence for firms to market products and services. The use of e-commerce would ultimately give Jamaican companies the opportunity to reach a wider range of customers both domestically and internationally. As mentioned earlier, the number of internet users in Jamaica is rising gradually and as a result, it is evident that the use of social media and other online platforms could lead to an increase in the number of customers these companies have access to. In

addition, consumers would have more options to pay for goods and services by using systems such as PayPal, online banking, mobile payment services and even credit cards.

Another opportunity that comes with the use of e-commerce is the empowerment of SMEs and entrepreneurs. A three-year MSME Digital Marketing Plan⁷ was launched by the Ministry of Commerce in partnership with the Organization of American States (OAS) to strengthen MSMEs in Jamaica with digital marketing solutions. The Ministry of Commerce is working with Kolau, a partner of Google, towards the digitisation of about 25,000 MSMEs in a time frame of three years. On the World Economic Forum’s 2019 Global Competitive Index of financing SME’s, Jamaica ranked 86 out of 141 countries. This data points to the difficulty of SMEs to obtain finance which in a lot of cases leads to the failure of these smaller companies. The goal of this three-year plan is therefore to reduce the closure of MSMEs by encouraging them to have a web presence without any costs. According to the Minister of State in the Ministry of Commerce, Floyd Green, the relationship with Google will be very advantageous to MSMEs as it will provide them with “the ability to incorporate their provisions with a PayPal service”. The plan will also benefit MSMEs in terms of creating dynamic web pages that attract different types of customers and would also help MSMEs keep track of online transactions made as well as interacting better with customers and keeping in contact with them. There is hope that this plan will increase GDP per capita greatly in the sector which would benefit the overall Jamaican economy.

Regardless of the many opportunities that come with the increased use of e-commerce, we also have to note of the challenges faced concerning the implementation of e-commerce. One of the main challenges is the inadequacy of legal and policy frameworks that are unable to sufficiently regulate the rapid technological advances. In other words, technological advances are far ahead of requisite laws and regulations. For example, the Data Protection Bill has not been fully implemented and this could lead to the hesitance of consumers in using online platforms to buy goods and services as

⁶ Study from Fair Trade Commission: <https://iftc.gov.jm/wp-content/uploads/2017/10/Telecommunications-Liberalization-Impact-Assessment.pdf>

⁷ Three-year digital marketing plan: , <https://jis.gov.jm/industry-ministry-launches-three-year-msme-digital-marketing-plan/>

they may believe their data is unprotected. Due to the incomplete bill, trading partners of Jamaican businesses are reluctant to continue doing business due to the absence of a data protection legal framework.

Although there are a number of different payment systems available, some of them are unable to be used by consumers. This stems from the unwillingness of the local banking industry to allow for full integration of the different payment methods. Online service providers such as PayPal and Stripe are not supported by major regional banks. The inability of consumers to have access to all the types of payment systems is problematic because despite the dynamic web presence firms have, customers are unable to purchase products due to limited access to the payment systems available. Furthermore, there is still a digital divide which is the gap between citizens with effective access to digital and information and technology and those without access. As a result, the creation of new e-commerce platforms will still be inaccessible to parts of the population that do not have the necessary hardware such as computers and mobile phones to access these online services.

Also, the shift towards e-commerce has had an impact on local businesses forcing them to close down.⁸ Some firms are unable to keep up with the rapid changes in the market due to the increased use of e-commerce. Local businesses not using e-commerce do not have the advantage providing a variety of goods to meet the diverse preferences of consumers. These local firms also incur higher labor costs and costs in holding inventory that online stores avoid since they do not hire much labor and, in some cases, have direct relationships with their suppliers who send goods directly to their customers. However, this may also be an opportunity for firms to come up with innovative ways to remain profitable. On the other hand, the closure of businesses implies higher unemployment as some workers would have to be laid off.

Conclusion

It is evident that Jamaica is trying to move towards an economy that incorporates e-commerce. Recent proof of this is the launch of an e-commerce website by the Jamaica Business Development Corporation (JBDC) called “Things Jamaican E-Commerce”⁹ which gives MSMEs the platform to sell authentic Jamaican items. There are currently more 2,000 products being offered on this website from 423 clients to promote and build the Jamaican brand. Due to the current COVID-19 pandemic, the CEO of JBDC has encouraged both buyers and sellers to make use of e-commerce platforms such as “Things Jamaican” as much as possible. However, one of the main issues that arise is the hesitance of consumers to engage in e-commerce due to the lack of readily available payments systems and fraudulent activity online such as identity theft and fake freelancing sites although there have been efforts by the government to urge the public to buy from reputable e-commerce platforms. To solve the problem of inaccessible payment systems for consumers, a payment service called WiPay¹⁰ was launched in 2019 specifically for people who do not have access to online banking services as the system has the feature of allowing customers to top up their accounts similar to using a phone card. Although the government is working to move towards an online economy, one of the most important issues that needs to be taken into consideration is the digital divide and the fact that most services that are being implemented may not be accessible by parts of the population due to the lack of necessary hardware. Therefore, efforts should be directed to narrowing the digital divide.

⁸ http://www.jamaicaobserver.com/business-observer/e-commerce-forcing-out-local-businesses_100567?profile=1606

⁹ Article on “Things Jamaican E-Commerce: , <https://jis.gov.jm/jbdc-launches-things-jamaican-e-commerce/>

¹⁰ Information on WiPay: , <https://jis.gov.jm/govt-endorses-wipay-online-payment-facility/>

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