GROWING ASEAN’S DIGITAL ECONOMY

Southeast Asia has the potential to become one of the world’s top five digital economies. Its digital market has expanded threefold in the past three years and represents **7 percent of ASEAN’s US $2.8 trillion GDP**. Through ASEAN-USAID IGNITE, USAID supports ASEAN’s efforts to enhance internet connectivity and accessibility while adopting approaches that strengthen cybersecurity and digital finance.

ASEAN-USAID Inclusive Growth in ASEAN through Innovation, Trade and E-Commerce (ASEAN-USAID IGNITE) supports ASEAN to increase the availability of relevant, affordable, and secure digitally-enabled services that reflect international standards and practices and facilitates e-commerce, especially for micro, small, and medium enterprises. Building on the momentum of the expanding digital economy, these activities enhance the shared prosperity of ASEAN Member States (AMS) and the United States.

REGULATORY REFORM FOR THE DIGITAL ECONOMY

Through the ASEAN Economic Community Blueprint 2025, ASEAN encourages Member States to promote digital payments at the national level and interoperability at the regional level. To increase the growth of regional e-commerce, AMS must improve policies and regulations on digital payment, fintech innovation (that is, new technologies to improve and automate the delivery and use of financial services), and open data flows. Similarly, the ASEAN Digital Integration Framework calls on AMS to adopt digital economy regulations consistent with global rules and standards, develop open application interface standards with financial institutions, and develop national digital identification to enable real-time and secure user verification.
To this end, ASEAN-USAID IGNITE supports the streamlining and diminishing of cumbersome regulatory approaches to the digital economy and regular monitoring of progress in enabling the digital economy. This fosters competition and innovation while ensuring consumer protection and enhancing ease of cross-border trade for consumers and small businesses.

**IMPROVED REGULATIONS FOR CYBERSECURITY & DATA PRIVACY**

Free data flow across borders benefits people and economies by facilitating trade opportunities, investment innovation, development and growth, and productivity. However, greater connectivity and digital transformation can expose ASEAN to cyberattacks, cyber threats, and privacy breaches. In 2018, ASEAN adopted the Framework on Digital Data Governance and the ASEAN Framework on Personal Data Protection to respond to these challenges. ASEAN-USAID IGNITE stands ready to support ASEAN as it improves regulations on cyber security and improves data privacy without impairing the growth of services.

**IMPROVED EXPANDED BROADBAND ACCESS**

Equal, effective, and efficient IT services for all—including isolated and vulnerable groups—can bring the benefits of the growing digital economy to more people. As of July 2019¹, Southeast Asia population of 662 million with 416 million internet users and 853 million mobile phone subscriptions. Internet penetration in ASEAN is 63% while mobile penetration is 129%, though the latter is concentrated in urban areas. ASEAN-USAID IGNITE supports ASEAN to expand broadband access and make content more accessible for more users. Given that certain barriers to internet access and digital literacy are gender-based, such as limited access to smart phones and concerns regarding cyberstalking, these efforts take the unique needs of women and girls into account.

**ENHANCED ASEAN SMART CITIES NETWORK**

Rapid migration to ASEAN cities is putting huge pressure on existing resources and infrastructure. By 2025, over two-thirds of ASEAN citizens will live in cities. With the presence of the Fourth Industrial Revolution (4IR), technologies such as Internet of Things (IoT), Artificial Intelligence (AID) and big data have enabled ASEAN, home to some of the fastest growing cities in the world, to exploit smart solutions to manage some of the challenges that have emerged owing to rapid urbanization. To do this, ASEAN established the ASEAN Smart Cities Network (ASCN) in 2018 to ensure effective and efficient delivery of municipal services. ASEAN-USAID IGNITE supports ASEAN to develop this network through development of a monitoring framework for more effective monitoring of progress and greater access to resources in adopting smart technology, identification of solutions and, more importantly, engagement with industry and global partners to implement successful ASCN action plans.

**CONTACT**

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