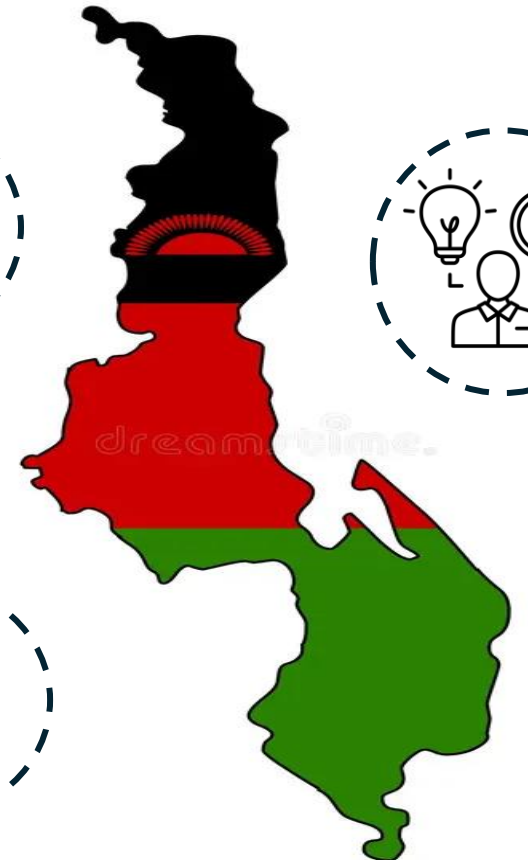


The Role of E-Commerce in Driving Economic Empowerment and Fostering Entrepreneurship in Malawi

Jonathan Pinifolo, PhD

Chief Operating Officer, CBC Digital Financial Inclusion Programme





In order to thrive in the 21st century, you have to be a savvy citizen of the digital economy or risk being left behind— **Leila Janah**

ENTERPRISES: THE POWERHOUSES OF AFRICA'S ECONOMY



According WTO, "e-commerce may be defined as the production, advertising, sale and distribution of products via telecommunication networks"

In Sub-Saharan Africa, MSMEs account for about 95% of all registered businesses and contribute to approximately 50% of the total GDP.

Africa leads the world in entrepreneurship, with MSMEs driving 80% to 90% of the continent's job market.



ENTERPRISES: THE POWERHOUSES OF AFRICA'S ECONOMY



In **Malawi**, according to the 2019 FinScope MSME Survey, there nearly are 1.6 million MSMEs in the country, employing about 1.8 million people in total.

74% are micro enterprises, 23% small enterprises, and only 3% medium enterprises

MSMEs contribute about 40% to the GDP and 24% to employment in Malawi

THE CASE FOR E-COMMERCE

Significant number of countries globally, shifting to e-commerce, especially after COVID-19. Nevertheless, African MSMEs have been slower to adapt.

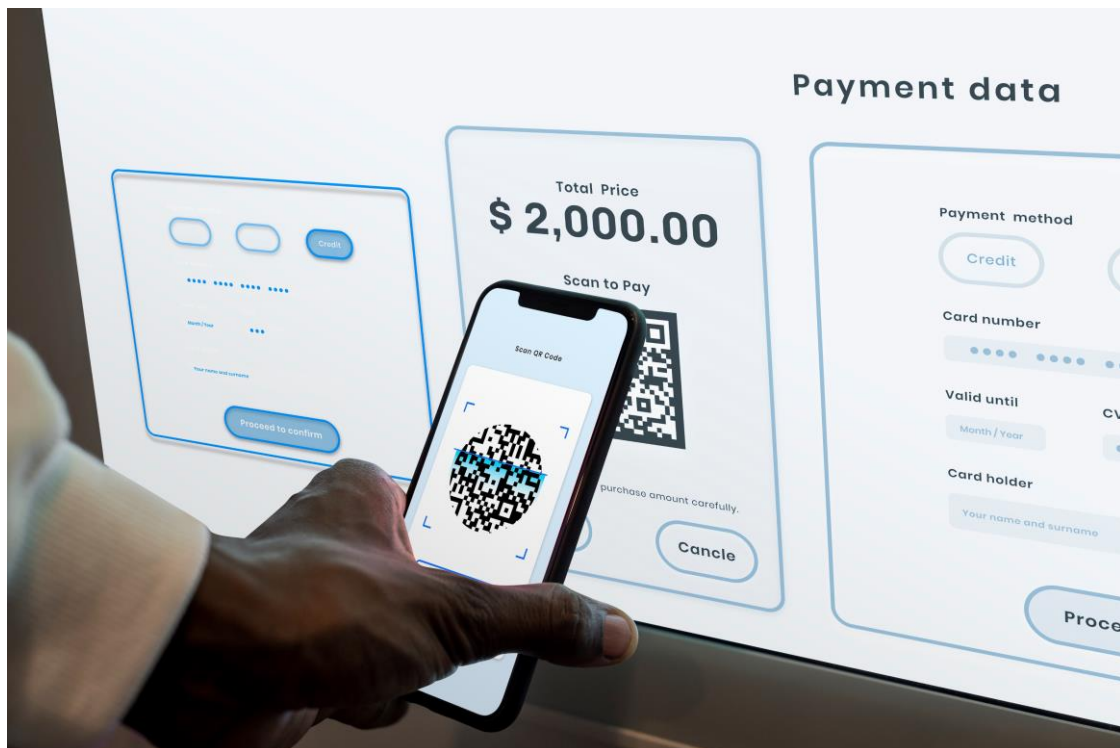
Malawi's e-commerce landscape lags behind, 141 out of 152 countries on the UNCTAD E-commerce Index for digital economy development (2019).

Unlike Europe, Africa still does not have an effective continental or regional retail payments platform(s) to facilitate e-commerce



THE CASE FOR E-COMMERCE

Implementation of regional payments platforms like COMESA Digital Retail Payments Scheme to accelerate e-commerce is critical.



Evolving landscape of internet penetration and mobile adoption rates is a golden opportunity for African businesses, Malawi inclusive, to embrace e-commerce and unlock its potential.

Failure to embrace e-commerce by entrepreneurs, especially post-COVID, means missing out on unparalleled access to a global market, and the opportunity to expand their reach beyond local boundaries.

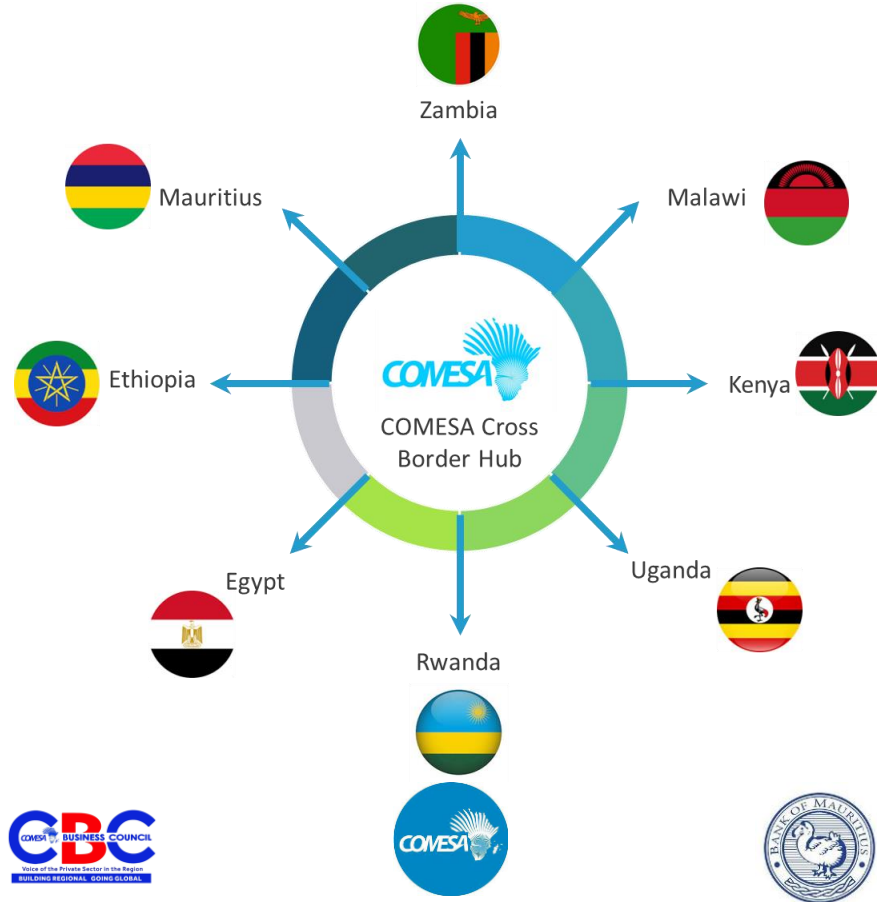
COMESA DIGITAL RETAIL PAYMENTS SCHEME

VALUE PROPOSITION

- Local currency approach
- Affordability
- Instant and inclusive payments
- Capacity building
- Wide geographical reach
- Interoperability
- Market intelligence access
- Security
- Value added services
- Access to finance



COMESA Regional Cross-border Instant Payment Hub








**COMESA Business
Council
(Sponsor)**

**COMESA Clearing
House
(Clearing)**

**Bank of Mauritius
Settlement
Institution**

Expected Outcome

-  - Enhanced Financial Inclusion
-  - Participation of MSMEs in formal regional trade
-  - Increased volumes of cross border transactions
-  - Increased visibility of African products within regional markets
-  - Directly respond to the intra-trade deficit in the region

ECONOMIC BENEFITS OF E-COMMERCE FOR ENTREPRENEURS



Eliminates expenses associated with physical storefronts and streamlines inventory management, improving profitability for entrepreneurs

E-commerce platforms offer accessible entry points for entrepreneurs with minimal capital investment, fostering innovation and empowering individuals to compete effectively in the marketplace.

CHALLENGES FACED BY ENTREPRENEURS



LACK OF POLITICAL
WILL I.E. NO
DELIBERATE
POLICIES



LACK OF MARKET
INTELLIGENCE AND
UPDATED
INFORMATION



LACK OF
SUPPORTIVE
INFRASTRUCTURE



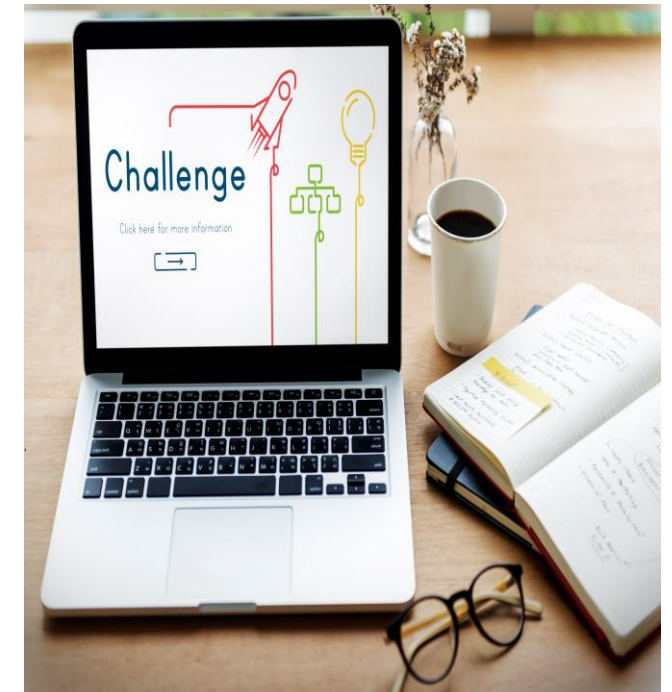
LACK OF EXPOSURE
TO NECESSARY
SKILLS



HIGH COST OF
TRANSACTIONS



HIGH TAXATION



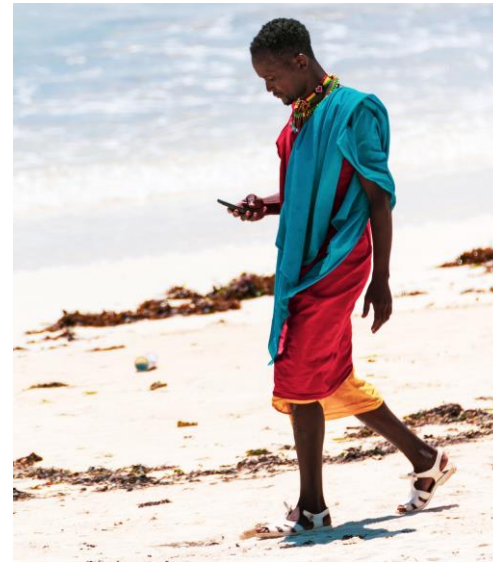
“Never let a good crisis, go to waste”-
There are always learnings’-Sir
Winstone Churchill



- The government’s National ICT Policy aims to enhance ICT infrastructure, including extending fibre-optic networks, launching 5G capabilities, and establishing a universal service fund.
- The Electronic Transactions and Cyber Security Act of 2016 lays the foundation for e-commerce development in Malawi, providing regulations and guidelines for electronic transactions and cyber security.









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