

Asia's digital future must include all

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SMARTPHONE has revolutionised the way we work, live, learn and communicate. Today, mobile voice and mobile broadband, along with other information and communication technologies, have become the key drivers of growth and development. The McKinsey Global Institute estimates that almost one quarter of global economic output can be attributed to the digital economy and the mobile and digital ecosystems have pivoted to Asia for years already: with the exception of Apple, the biggest handset brands are all Asian – and they are anyway all manufactured here. Network equipment from Asian vendors is now competing on equal footing with European first-movers. And a majority of the most popular apps in the most populous markets are conceptualised, developed and marketed in the region. Since 2010, 57 companies valued over \$1 billion have emerged from Asia, including 16 over the course of last year.

That innovation power comes from demanding customers: according to the GSMA, 90 percent of the growth in new mobile connections and 90 percent of the growth in smartphones will come from the developing world as we move towards 2020.

For consumers in emerging Asia, their mobile internet connection is their primary link to a digital world where they spend more and more of their time. Yet, more than four billion people remain unconnected to the internet. They are digitally excluded: without the skills, tools, confidence, knowledge and access to information and communication technologies (ICTs). These people may not know what Facebook or Google is, but they will be vital to the continued growth of Asia, especially its developing economies. As key stakeholders in this future, telecom and mobile operators have an important role to play in breaking down the barriers to ensure digital inclusion for all.

Understanding how to break down the barriers to digital inclusion

The World Economic Forum categorises barriers to digital inclusion into the following key areas: infrastructure, affordability, skills, awareness and cultural acceptance, local adoption and use. Those four billion people remain unconnected because there simply is not a reliable network in their vicinity, they live in remote areas, or have no access to electricity. Nearly a quarter of people living in South Asia do not have regular

electricity supply, or live below the poverty line, and do not have the money to pay for items like a smartphone. On the other hand, 15 percent of adults globally are considered illiterate, and in many cultures, women are up to 50 percent less likely to be using the internet than men. Finally, an estimated 80 percent of online content is available in 10 languages, which only about three billion people speak as their first language.

As shown in the recent Global Impact Report produced by KPMG and commissioned by Telenor, mobile operators can play a key role to overcome these barriers

ments, including 4G rollout, are completed. As the largest mobile operator in Bangladesh by revenue, coverage and subscriber base, Grameenphone has focused on driving data growth in Bangladesh with efforts to build internet awareness, offer affordable smartphones and promote content services. As part of its 'Internet for All' ambition, Grameenphone's mobile data subscribers in Bangladesh increased 45 percent between 2014 and 2015 to stand at 15.7 million.

Accelerating digital entrepreneurship
Breaking down the barriers to entrepre-

speed, agility and focus against all the odds.

Mobile as a catalyst for growth, innovation and entrepreneurship

In supporting digital inclusion, mobile operators are also contributing to job creation and tax revenue for governments. KPMG's report estimates that \$8 billion in net GDP contribution was generated by the upgrading of Telenor networks from 2G to 3G and 4G from 2014 to 2015. On the whole, total economic growth of \$20.3 billion was generated across its 13 global markets with \$9.6 billion in Asia.

Easy and affordable access to mobile communication services and products can act as a catalyst for increased entrepreneurship, innovation and productivity. Mobile money, for example, is a key source of funding for small businesses and also brings financial inclusion to a growing number of unbanked or underbanked individuals.

Telenor in Bangladesh has launched several initiatives which contributed to increased financial inclusion, like BillPay which allows users to pay utility bills using their mobile phones. By 2015, subscriber numbers reached 600,000, with 8.8 million transactions being made in the year. The total value of these transactions in 2015 was \$325 million, while an estimated \$8,496 million of mobile financial transactions were enabled over Telenor's Bangladesh network in 2015.

Another example is the successful launch of Tonic, Telenor's mobile health initiative which makes high quality health information, advice, and services accessible for everyone. In less than a year, Tonic passed the two-million user mark, emphasising the demand for innovative digital solutions in Bangladesh.

In summary, digital inclusion is the key to Asia's future growth. It needs to be built on a foundation that encompasses everything from expanding network infrastructure, increasing access to education and reducing digital illiteracy, providing access to the underserved and unbanked, and sparking entrepreneurship and innovation. Mobile operators and digital services providers in Asia will play pivotal roles in supporting each of these building blocks. More importantly, we have a responsibility to work together with other stakeholders, such as governments and organisations, to help transform the region's emerging economies and create a future of equal opportunities for all in Asia.

The author is president and CEO of Telenor Group.



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by expanding access to critical services such as health and education, through the provision of internet, audio and video teleconferencing, video or television broadcast and digital learning. Through partnerships with government agencies and private enterprises, they can leverage their networks to extend basic financial services to under-served or "unbanked" segments, including women and the rural poor. Just by offering such previously unavailable or inaccessible services, mobile operators could generate a significant impact on the economy.

Access to mobile networks is the key to digital inclusion. According to the GSMA, during 2010-2015, mobile operators globally have invested more than \$880 billion in infrastructure. Investments have been particularly high in developing countries, although across developing and developed countries alike it is expected to decline over the coming years as network improve-

neurship in the digital sector is critical to spur future growth, with a case in point being the success of Grameenphone Accelerator Programme. Launched in collaboration with SD Asia, the programme supports early-stage, homegrown tech startups of Bangladesh. Some are solving some of the biggest challenges of the time such as tackling preventable death from silent killers like diabetes and blood pressure. Some are building on the new found opportunity such as offering brands a way to understand the conversation consumers are having on social media. On average the startups have been able to increase the value of their startup 3.7 times in less than six months.

For Grameenphone, as part of Telenor Group, it is possible to not just nurture startups in Bangladesh but also help them expand to new markets beyond the border.

The startups at GP Accelerator remind us every day of the skills that drive real success:

Indian police bust \$550m internet scam

REUTERS, New Delhi

Indian police have busted an internet scam in which around 650,000 people lost a combined 37 billion rupees (\$549 million) after sending money to a company that promised they would earn cash by clicking on web links, police said on Friday.

Police, who described the pyramid-style scheme as one of India's biggest ever, said they had arrested three ringleaders on the outskirts of New Delhi, the capital, and seized more than 5 billion rupees (\$74 million) from bank accounts.

"They learned that if you give some money back to members, the investments would go up exponentially," Amit Pathak, head of a police cyber crime unit in India's populous northern state of Uttar Pradesh, told Reuters.

The men ran a series of websites that promised would-be subscribers a chance to earn five rupees (\$0.07) each time they clicked or liked web links sent to their mobile phones, police said. The unsuspecting investors each paid thousands of rupees into the company's bank accounts to join the scheme, but the web links they received were fake.

The company running the alleged scam had operated for years, but earned almost all the money over a few months from last August, after it began to distribute some of the proceeds, using the beneficiaries to draw in more investors. Police said the ringleaders had not yet appointed lawyers as the chargesheet was still being prepared.

When police raided the company's head office in the city of Noida they found 250 passports of employees and members who had been rewarded with a holiday to Australia.

The scammers planned to film the holiday and then post it online as promotional material to lure more subscribers.

The alleged mastermind spent some of the proceeds on houses, cars and celebrity parties. Pathak said it would take time to trace most of the money, and several bank employees were believed to be involved.

"It's a very big task for us. We have brought in the income-tax department, and other government agencies, to trace the money," Pathak said.

Cyber crime in India, home to the world's second largest number of internet users, jumped 350 percent in the three years to 2014 as criminals exploited booming smartphone use, a study by auditing services firm PwC and industry lobby group Assocham showed last year.

Hyundai to assemble cars in Pakistan in venture with textile group Nishat Mills



Hyundai vehicles are lined up in the company's presentation area during the North American International Auto Show in Detroit, US.

REUTERS, Islamabad

HYUNDAI Motor Company plans to set up a car assembly plant in Pakistan in a joint venture with local textile firm Nishat Mills, an official from Nishat said on Friday.

Hyundai's return to Pakistan will boost the government's efforts to shake up the Japanese-dominated car market and loosen the grip of Toyota, Honda and Suzuki, who assemble cars in Pakistan with local partners.

Hyundai and South Korea's Kia Motor used to assemble cars in Pakistan until 2004 but withdrew after their local partner Dewan Farooque Motors Limited went bust.

It was not clear how much capital Hyundai, South Korea's largest automaker, would itself invest in the Pakistani venture.

Representatives for Hyundai could not immediately be reached for comment.

Nishat Mills is a subsidiary of Nishat Group, a giant in the Pakistani banking, textiles, energy and cement sectors. Its share price rose 1.4 percent after the announcement.

"Today we have signed a memorandum of understanding between the two compa-

nies and we will set up a ... project for the assembly and sales of both passenger and commercial vehicles," Nishat Mills company secretary Khalid Chauhan said.

Nishat Mills filed a statement with the Pakistan Stock Exchange saying the deal was "subject to applicable statutory and regulatory approvals".

Last year, French carmaker Renault agreed to invest in a new factory in Pakistan and South Korean carmaker Kia Motor Co said it would start assembling cars in a joint venture with Karachi-listed Lucky Cement, part of the vast conglomerate Yunus Brothers Group.

The government believes increased competition should bring down exceptionally high car prices in Pakistan, and in March it introduced a new auto policy favouring new entrants into the market by offering generous import duties.

The incentives have angered existing market players, some of whom have said publicly they should get similar terms.

Pakistan, with a population of nearly 200 million people, is a potentially huge market, but just 180,000 cars were sold in the 2014/2015 fiscal year. That compares with more than 2 million passenger vehicles a year in neighbouring India.

World business grows as it faces upcoming risks

REUTERS, London

GLOBAL businesses started 2017 on a solid footing, surveys showed on Friday, thriving ahead of a myriad of political risks in the coming year.

Fears of a growing protectionist agenda in the United States, whether national elections across Europe upset the status quo and just how fractious Britain's divorce proceedings from the European Union become, are all expected to weigh in the months ahead.

Yet so far those risks seem to have been mostly ignored with firms from Asia to Europe to the United States increasing or at least largely maintaining activity.

Euro zone businesses started 2017 by increasing activity at the same multi-year record pace they set in December while the U.S. non-farm payroll report showed job growth surging more than expected in January as construction firms and retailers ramped up hiring.

"Overall while this report is further evidence that the (U.S.) labor market is buoyant the continued slow pace of wage growth means that the (Federal Reserve) will feel under no great pressure to step up the pace of monetary tightening," economists at Lloyds Bank told clients in a note.

China's factory activity grew for a seventh month and while India's services business contracted for a third month as firms struggled to recover from a government crackdown on currency in circulation, the pace slowed.

"The outlook for this year is reasonably bright despite all the risks. The numbers for January have generally been quite positive," said Andrew Kenningham, chief global economist at Capital Economics.

Growth in Britain's services sector slowed for the first time in four months in January, dipping just below its long-run average, as businesses battled the sharpest rise in costs in more than five



A customer shops in a Casino supermarket in Nice, France.

years.

But on Thursday the Bank of England sharply revised up its growth forecast for 2017 to 2.0 percent, a view held by only the most optimistic forecaster in a Reuters poll of 50 economists taken last month.

Britain's economy unexpectedly outpaced all its major peers last year, wrongfooting those who expected an immediate hit from June's Brexit vote.

The Markit/CIPS British services Purchasing Managers' Index dropped to a three-month low of 54.5 last month from December's 15-month high, at the bottom end of a range of forecasts in a Reuters poll of economists, but Markit said the PMIs still point to first quarter growth of 0.5 percent.

"Despite the slightly disappointing outcome this remains a very strong report," said James Knightley, senior economist at ING.

IHS Markit's final composite PMI for the euro zone, seen as a good guide to growth, held at 54.4. It has not been higher since May 2011 and has remained above the 50 mark dividing growth from contraction since mid-2013.

That points to first quarter expansion of 0.4 percent, Markit said, matching the median prediction in a Reuters poll.

A similar survey from the U.S. showed non-manufacturing growth dipped marginally last month.

China's factory activity expanded for the seventh straight month in January, giving Beijing more room to tackle chronic imbalances in the economy. The Caixin/Markit Manufacturing PMI fell to 51.0.

The world's second largest economy has seen a broad-based pickup in recent months, with fourth-quarter GDP beating expect-

tations due largely to a strong housing market and higher government spending on infrastructure projects.

A recovery in the country's "smokestack" industries has also been supported by government mandates to close down outdated production capacity in the coal and steel sectors, as well as a rebound in investment in the property sector that came amid a record flood of credit.

India's Nikkei/IHS Markit Services PMI remained below 50 registering 48.7 in January as firms still reel from Prime Minister Narendra Modi's decision in November to abolish high-value bank notes.

Modi's policy removed 86 percent of the currency in circulation, hitting consumption and capital investments, and shattered traditional cash-reliant supply chains.