Asian ICT Council Newsletter

Confederation of Asia-Pacific Chambers of Commerce and Industry

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Chairman's Message

Warm greetings!

The year 2012 saw a number of achievements by the Asian ICT Council.

I had the honor to chair the Asian ICT Council Breakout Session during the 26th CACCI Conference held in Kathmandu, Nepal on October 3-5, 2012. I gave an overall view on trends and developments in the ICT sector in Asia, with a focus on Taiwan's ICT industry. Three others speakers, namely Mr. Manohar Kumar Bhattarai, Former Vice Chairman, High Level Committee for Information Technology; Mr. Bal K. Joshi, Co-Founder of Thamel Dot Com Nepal Pvt. Ltd.; and Mr. Biswas Dhakal, President of F1 Soft International Pvt. Ltd., spoke on "Nepal's Growth and Development Aspirations and ICTs", "Digital Commerce in Nepal", and "An Introduction of F1 Soft International Company's Products and Services", respectively. A summary of the breakout session is featured in this issue.

It was also a fruitful year as we organized a workshop on "Versatile Innovation of Doing Business in the Global Market" on July 5-6, 2012 in collaboration with the Malaysian International Chamber of Commerce and Industry and the Secure On-line Shopping Association, a non-profit organization initiated by leading IT players in Taiwan. Held in Kuala Lumpur, the two-day workshop was designed for businesses, especially the small and medium enterprises, (SMEs) to understand and explore the huge potential of conducting business online including B2B and B2C. A report on the workshop is also included in this issue.

This issue also contains reports on recent trends in the ICT industry. For instance, according to International Data Corporation, a major market research, analysis and consulting firm in the information field, the number of people accessing the Internet through PCs will shrink by 15 million over the next four years, while the number of mobile users will increase by 91 million. A couple of reports on smartphones are also in this issue.

I hope you will find this issue informative and interesting.

Dr. Gwo Jiunn Huang
Fellow, Institute for Information Industry

INSIDE THIS ISSUE

The Malaysian International Chamber of Commerce and Industry (MICCI) on July 5-6, 2012 organized a workshop on "Versatile Innovation of Doing Business in the Global Market" in collaboration with the Confederation of Asia Pacific Chambers of Commerce and Industry (CACCI) and Secure On-line Shopping Association (SOSA), a non-profit organization initiated by leading IT players in Taiwan.

Held in Kuala Lumpur, the two-day workshop was designed for businesses, especially the small and medium enterprises, (SMEs) to understand and explore the huge potential of conducting business online including B2B and B2C.

The topics covered by the workshop included the following: Strategy of Doing E-Business; Framework of e-Business; Utilisation of Trendy Social Media; Critical Online Customer and Knowledge Management; On-line Brand Management; Infrastructure on e-Service, e-Commerce and e-Marketing; and Taiwan success E-Stories and Emerging Innovative Models.

The workshop was conducted by two very prominent speakers, namely, Dr. J J Pan, Secretary General, SOSA and Mr. Cae Hiew, Patent Owner of Cae Hiew Learning Technology.

Malaysian experts were also invited to provide the local perspectives

MICCI Hosts E-Commerce Workshop

The E-commerce workshop participants pose with the speakers at the conclusion of the two-day event hosted by Malaysian International Chamber of Commerce and Industry in Kuala Lumpur on July 5-6.

on the subject matter. Panelists of Day One and Day Two of the workshop were: Tn. Haji Zahimi bin Chik, Managing Director, Al-Qafilah International Sdn Bhd; Mr. Adrian Foong, General Manager, Interbase Resources Sdn Bhd; En. Mohd Mazlan Abd Razak, Head of Electronic Business and Enablement (MdeC); Ms. Carol Fung, Certified e-Bay speaker, Malaysian Digital Enterprise Exchange (MDEX); and Mr. Ganesh Kumar Bangah, Group CEO, MOL Global.

The panel sessions provided valuable insights on the following key areas: The critical successful factors of a good e-commerce website and its difference from a good e-commerce store; What will be the next emerging and innovative business models here

and why?; Online branding in Malaysia and how to achieve it; and How to succeed in mobile commerce? How will cloud content or mobile payment play a role with it?

About 50 participants attended the workshop. In general, participants found the workshop useful and informative.

The MICC expressed its thank to CACCI and SOSA for making the workshop possible. "The partnership model has allowed us to widen the scope of our business awareness programme in particular on e-commerce and the sharing of experiences between both countries have been extremely useful especially in the context of today's borderless market place," the MICCI said. ∎

Asian ICT Council Holds Breakout Session in Kathmandu

The Asian ICT Council Breakout Session was held in Kathmandu, Nepal on October 5, 2012 during the 26th CACCI Conference. The Session was chaired by Dr. G.J. Huang, Chairman, the Asian ICT Council, and Fellow, the Institute for Information Industry. The session featured four speakers, namely Dr. Huang; Mr. Manohar Kumar Bhattarai, Former Vice Chairman, High Level Committee for Information Technology; Mr.

Bal K. Joshi, Co-Founder of Thamel Dot Com Nepal Pvt. Ltd.; and Mr. Biswas Dhakal, President of F1 Soft International Pvt. Ltd.

Development of ICT Industries in Asia

Dr. Huang spoke on "Development of ICT industries in Asia". He gave an overall view on trends and developments in the ICT sector in Asia, with a focus on Taiwan's ICT industry.

In his report, Dr. Huang noted that Japan, Southeast Asia and China have gone through three waves of evolution, namely the first wave – companies in emerging economies typically act as component suppliers to developed countries that manufacture a range of finished products; the second wave -- the local industry gains enough expertise to provide cost-effective contract manufacturing services of either the entire product or major sub-assemblies; and the third wave -- firms start marketing these products under their own brand, initially within their own countries, and then

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going international.

Dr. Huang also said that Taiwan is a significant player in the global ICT industry, with a well-established production pipeline, strong R&D capability and experienced engineers. Taiwan is a major procurement centre for global ICT companies and buyers; and is ranked first in worldwide ICT product market share for more than ten product categories.

From 2004 to 2008, Taiwan ranked fifth in developing 6,339 patents in the United States following the United States with 84,270 patents, Japan with 35,348 patents, Germany with 10,779, and Korea with 7,549 patents, among themselves. Taiwan produced the most patents if calculated on the basis of population as the island in the four-year period had about had a population of around 22 million.

When the APEC Digital Opportunity Center (ADOC) Project was first proposed in the 2003, Dr. Huang said he was one of the initiators in the plan. He said ADOC aims to assist in transforming digital divides into digital opportunities throughout the Asia-Pacific region.

According to Dr. Huang, the ADOC initiative utilizes the advantages of Taiwan's information and communications industry, and its experience in developing an e-society, to help APEC member economies upgrade their information and communications technology (ICT) application capabilities; hence, ADOC increases the digital opportunities available to vulnerable segments within the APEC community.

The current ADOC's partner member economies include Thailand, Vietnam, the Philippines, Indonesia, Malaysia, Papua New Guinea, Peru, Chile, Russia and Mexico.

Growth and Development of Nepalese ICT

"The eGovernment journey of Nepal began in earnest in 2005 with the formulation of e-Government Master Plan (eGMP) with the support of the Government of Republic of Korea," said Mr. Manohar Kumar Bhattarai,

Former Vice Chairman, High Level Committee for Information Technology in his presentation on "Nepal's growth and development aspirations and ICTs".

Mr. Bhattarai reported that the Asian Development Bank (ADB) provided technical assistance for developing e-Government project under the guidelines of eGMP. The project became effective from January 2008 which will run until 30 June, 2014. The key objective of Nepal's eGovernment master plan is to achieve the goal of government transformation by harnessing ICTs – more particularly to enhance government processes, provide efficient services to citizens, foster social integration, economic growth and catalyze efforts aimed at reducing poverty.

According to Mr. Bhattarai, the Government expects that the implementation of the e-Government initiative will significantly enhance productivity and efficiency across government administrative machinery leading to optimization of resources and enhance service delivery to population at large, he said. This is also expected to lead to synergies through better interaction and coordination of work among Ministries, Departments, and Agencies, citizens, and private businesses.

Digital Commerce in Nepal

"Information products are unique in that selection, transaction, payment and fulfillment may be completed electronically without involving physical infrastructure for warehousing and delivery. Information products would seem attractive in a developing nation like Nepal, where roads, transport, post and delivery

facilities are poor," said Mr. Bal K. Joshi, Co-Founder of Thamel Dot Com Nepal Pvt. Ltd. in his presentation on "Digital Commerce in Nepal". "On the other hand, the banking and legal system must provide for electronic payment, and, of course electrical and telecommunication infrastructure must be available and reliable," he said.

Mr. Joshi pointed out that local and national governments are also involved in commercial transactions, and the government has an opportunity to lead by example in this area, he said. The Internet can be used in the tender and fulfillment process, project management and reporting, in collections and procedures, etc.

Services of F1 Soft International Pvt. Ltd.

Mr. Biswas Dhakal, President of F1 Soft International Pvt. Ltd. gave an introduction of his company. He said the company offers its services and products to major financial institutions, banks and telecommunication companies in Nepal.

He said F1 Soft is the leading Software Development Company in Nepal which has built up an impressive list of clients, particularly in South Asia and Europe, which pay testimony to the high quality, timeliness and value of its work. As a prominent IT company in Nepal, F1Soft provides much more than software development services. F1Soft offers a comprehensive set of consulting, design, engineering, development and support services that can help shape the future direction of your application infrastructure and technical landscape.

"We are the pioneer in developing SMS and e-banking banking solution in Nepal which are being deployed more then 6 major banks and finance companies across the country," he pointed out. "We have partner with Nepal Telecom, Nepal's largest telecom service provider, for developing software system for nation wide online reselling and management of prepaid mobile cards and products." ∎

Iran Scientific Network Overview

By Sadina Abaei
General Manager, Seemorgh System Company

Introduction

NREN (**N**ational **R**esearch and **E**ducation **N**etwork) is one of national network collections in the world which is exploited with the aim of linkage integrity among universities, institutes, research centers, specialized labs in a disciplined method as standard all over the world.

The executive history of this network goes back to communication network of the US University which is principally the base of the Internet as a world-wide communication network, its expansion in the USA and then the entire world features the present global communication.

The fundamental operative attitude of this network is to provide a swift, secure ground for universities and college–related centers. It shares inter-universities Information and also provides possibilities for common research projects & information exchange that is not accessible by general public. Technical terminologies such as: Cloud computing, virtual super computer, parallel processing are the main domains with which these types of networks deal in highly-developed countries, but the important point is, Creation & use of these kinds of networks in developing countries play key roles.

The most notable functions of these networks are as follows:

• Appropriate Environment for E-Learning System

• Unlimitedly sharing knowledge, software & hardware possibilities

• Expansion of university virtual infrastructure with no need for re-investment

• Educational fairness in deprived areas

• Virtual development of universities in remote areas without excess costs

• Initiation of software research for academic centers making use of rectified information and scholars in various places

• Efficient direct contact in the triangle of university, research center and industry

• Research lobby virtual dialogue to have a quick pass from developing countries to highly – developed ones .

Alongside above-mentioned advantages in a country having a national network, countries involved in an operative domain with common purposes in different categories have had super network on such networks that supply their capabilities through inter-network connection.

For instance, NREN in common European countries have linked two networks in Europe called GEANT and DANTE (2'nd Generation) is developed and exploited in order to let the whole continent enjoy the shared environment.

In different countries, organizational and ownership model for NRENs are varies. Ideally, NRENs must separately incorporate; but on the other hand sometimes NRENs have governmental departments, whereas others are operated by third parties under contract. NRENs can either be owned by governments, by the institutions in the communities they serve, or sometimes a combination of the two. Hardly ever, commercial entities may also have a stake in an NREN where they provide significant capital investment. In very small countries with only a few educational establishments, it is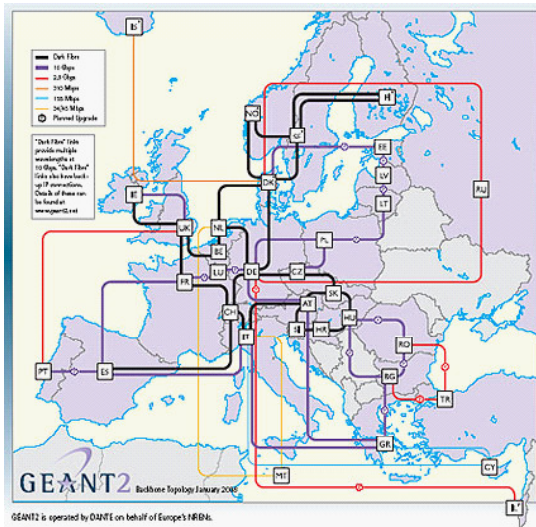 common for the largest institute (usually the national university) to provide services as part of its internal networking activities.

Iran Scientific Network (ISN)

In 2007, Iran NREN started based on a signed treaty whereupon between Ministry of communication and technology, Ministry of science research and Ministry of health. On the protocol that was written between three Important Ministries, the ICT ministry acts as the executive to establish the second generation of scientific network of Iran based on fast Internet line of minimum gigabits peed.

Following a national tender held by the ministry, Seemorgh System Company as the major member of a joint venture supplied the required equipment and infrastructure, software, installation, implementation, operation of phase zero and technical support. Regarding a few imperfect rules and international sanction on equipment import, Seemorgh System has succeeded in running the scientific network in Tehran (the capital of Iran) which is presently utilized by more than 30 universities and research centers . This network has supplied and installed equipment in more than 21 Telecommunication Centers and provides scholars, researchers, university professors and students with university virtual information bank in common.

The central core of this network, based on global class A and 10G connection has founded a strong link for development. In this network the entire transfer from central core to final destination is Dual stack and

'Bad Apps' A Threat to Cellphones

By Gao Yuan, China Daily

For many people, it's hard to imagine life without a mobile phone. We spend unprecedented amounts of time playing with the little gadgets, whether it's at the breakfast table, under the office desk or beside the pillow.

We spend more time with our loyal digital assistants than we do with colleagues or family members. But have you ever thought that one day your mobile phone may turn against you and work for someone else behind your back?

A recent mobile security report found that, due to the popularity of smartphones, an increasing number of mobile phones have been hacked by malicious applications. Some of the "bad apps" were even preinstalled on the phones before purchase.

China has become the biggest victim of malicious apps. The number of infected smartphones in the country is more than a quarter of the world's total.

A total of 18.23 million smartphones were installed with apps designed to hack users' mobile accounts, up 42 percent compared with the second half of 2011, said the report released by NQ Mobile Inc, the nation's largest mobile security provider by users.

"The number of infections surged because some apps are able to copy and spread themselves to other phones," said the report. The past two months saw an explosion in the number of malicious applications.

More than 10,000 new malicious apps were detected in May and June, while less than 2,000 similar apps were found in April.

Smartphones running the Android operating system were the biggest target. A total of 3 million Android phones were attacked in June, according to the report. The infection rate of smartphones running the world's most used open-source OS was 78 percent in June. The figure was 40 percent at the end of last year.

Android phones had about 67 percent of the market share in the first quarter of the year, and the proportion will increase by 10 percent each quarter, Beijing-based IT analysis company Analysys International said last month. The Symbian system, which recently has fallen out of favor, is the second-biggest target for malicious software, with fewer than 500,000 new infections each month.

And malicious apps are smarter than most people realize.

A number of apps are capable of recognizing the location of the mobile phone. If the SIM card belongs to a region with tight controls over mobile phone crime, the malware applications will automatically cease attack.

"The apps are designed to effectively escape inspection and to continue to be a threat to users' accounts," said Shi Wenyong, co-founder and chief operating officer at NQ Mobile.

One of the most common attacks is telephone fee deduction, according to security experts. More than 23 percent of the malicious apps were developed to secretly transfer pre-charged mobile phone fees to the hackers' accounts.

"The apps usually don't hit accounts with precharged values lower than 50 yuan (US$7.85) because it's easier for those users to notice the losses in their accounts," Shi said.

Malicious app developers usually set the deduction amount at 1 yuan at a time, and they will not do more than three transfers per user in the same month.

"Users aren't likely to detect the 2-3 yuan change in their monthly

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covers both IPV4, IPV6 addressing is thus honored as the very first full IPV6 network in the Middle East. In the first phase the plan is to have at least 100 universities in Tehran linked to this network and makes full use of that. Within the same time period, 7 other major cities planned to enjoy this network and at least 5 universities in each city can access this network. Like other similar network, the time – consumption and speed of expansion phase, is relatively lower than that of initial phase due to the readiness of the infrastructure in the core layer and the access points in the phase. In two central points of this network, there are 3 data centers as the principle information holder. One of these 3 involves developing cloud data center which will be hopefully exploited by the end of 2012. Bilateral contact among universities makes data centers of universities form the other section of the network as information holder.

Seemorgh System makes efforts to provide CACCI countries with its informative experience in the form of both specialized document and executive cooperation in order to advance scientific and commercial information exchange. Seemorgh System hopes to provide detailed documents in the foreseeable future and is prepared to share its speciality in this domain with its colleagues as a consultant or an executive. ∎

phone bill," said Shi.

But the long-term effect is tremendous if we take the nation's significant smartphone user numbers into account.

The number of China's mobile phone users was 1 billion in March, nearly triple the figure in North America, data from the Ministry of Industry and Information Technology showed. And the figure is set to increase in the coming years. Developers and spreaders of fee deduction malware applications receive nearly 4 million yuan every day, NQ Mobile's report showed.

Meanwhile, developers of malicious advertising apps — a type of malware that automatically pushes unwanted ads to mobile phone users and receives fees from advertisers — get more than 9 million yuan on a daily basis. In addition, China's massive smuggled smartphone market provides another unique breeding ground for malicious apps, experts said.

Some smuggled phones may have preinstalled malicious apps, and buyers may suffer hefty economic losses on the first day they use the devices, according to Shi.

The country's large number of third-party online app stores is also an easy channel for malware apps.

The best way to get rid of malicious apps is to install anti-virus software. And more and more users are doing just that.

More than 260 million smartphone users in China installed at least one security software app in the second quarter of the year, an increase of 18.5 percent quarter-on- quarter, data from Analysys International showed. "Smartphone users increasingly rely on security software. The function of anti-virus apps is expected to expand to fit all kinds of demand," said Liu Peng, an analyst at Analysys International.

Source: China Post, August 14, 2012 ■

Smartphones Set to Lead Handset Market

By Damien Meyer, AFP

Smartphones are set to make up a majority of the global handset market next year, fueled by surging demand from consumers in both wealthy and emerging nations, a survey showed on August 28, 2012.

The report by IHS iSuppli said smartphone shipments in 2013 are forecast to account for 54 percent of the total mobile phone market, up from 46 percent in 2012 and 35 percent in 2011.

It said 2013 will mark the first time that smartphones will make up more than half of all cellphone shipments, two years earlier than previously projected by the research firm.

"This represents a major upgrade for the outlook compared to a year ago, when smartphones weren't expected to take the lead until 2015," said Wayne Lam, senior analyst at IHS.

"Over the past 12 months, smartphones have fallen in price, and a wider variety of models have become available, spurring sales of both low-end smartphones in regions like Asia-Pacific, as well as mid-range to high-end phones in the United States and Europe."

By 2016, IHS said, smartphones will represent 67.4 percent of the total mobile handset market.

The report said that by the end of this year, smartphone sales will already begin to outstrip sales of so-called feature phones, which often have cameras and simple Web interfaces but lack the sophisticated software and apps of smartphones like the iPhone or Android handsets.

Feature phones accounted for 46 percent of the market last year, but IHS said these would drop to 41 percent this year and 28 percent by 2016.

The entry-level, ultra-low-cost handset will account for 14 percent of sales this year and drop to 4.2 percent by 2016.

The survey noted that Samsung of South Korea became the overall worldwide leader in handsets during the first quarter, overtaking Nokia of Finland.

U.S.-based Apple, which makes the iPhone, was third overall. Apple last week won a US$1 billion award against Samsung in a U.S. court for patent infringement and is seeking to ban some Samsung sales in the United States.

Source: China Post, August 30, 2012 ■

Smartphone Avalanche Burying Computer Industry Dinosaurs

By Daniel Schnettler and Andrej Sokolow
Reporters, Deutsche Presse-Agentur GmbH

The personal computer has dominated modern life for 25 years, but the often bulky devices are increasingly giving way to smaller, lighter smartphones and tablet computers.

The whole sector is scrambling to survive the avalanche set off by Apple under its late founder, Steve Jobs.

Technology giant Hewlett-Packard, whose business is still built on personal computers and printers, has announced it would slash its payroll by 27,000 workers, or 8 per cent, by 2014 to eventually save at least 3 billion dollars a year. Managers were admitting to Wall Street that HP's future was as a smaller company.

The world's largest PC manufacturer has so far failed to connect with consumer demand for smartphones and tablets - a new technology landscape of slender mobile devices dominated by Silicon Valley's Apple and South Korea's Samsung.

A world of mobile computing appears to have only a small space left for Hewlett-Packard, as well as PC competitor Dell, which has suffered shrinking sales recently. Both have failed to achieve the innovations to make a successful transition.

As early as 2010, when he launched the iPad, Jobs talked about the "post-PC world."

Other manufacturers did not take his vision seriously, and they continued to make their big desktop machines and laptops. One of their biggest innovations was to make PCs in colours other than the old "computer grey."

In time, Jobs was vindicated.

"Today, Apple is reinventing the phone," he said in 2007, as he launched the iPhone.

At the time, it sounded like an exaggeration, but the cellphone with a touch-sensitive screen set new standards for performance and appearance. Above all, the iPhone redefined the industry, because for the first time it brought to the fore not the device but the software it holds: the apps.

At the start of 2010, Jobs dealt a definitive blow to the PC: he launched Apple's tablet computer, the iPad. With it, the company again achieved a resounding success.

Over the past quarter alone, 35 million iPhones have been sold, along with close to 12 million iPads. By comparison, based on the data of market research firm Gartner, 89 million PCs were sold over the same period by all manufacturers put together.

PC firms tried to come up with their own tablets, well before Apple did. More than 10 years ago in Las Vegas, Microsoft founder Bill Gates presented his vision of the digital table computer. The smartphone, too, is hardly Jobs' invention.

However, alternative devices were too expensive, inconvenient or just too ugly to become bestsellers.

Now, little is left for PC manufacturers to do but chase Apple and try not to miss the train altogether. Some of them continue to focus, successfully, on the traditional PC market, like the Chinese company Lenovo, whose boss Yang Yuanqing likes to talk of a "PC-plus era."

A big fish like Hewlett-Packard, however, can hardly change overnight. For years, the US giant worked on perfecting its business of selling computers, complementing them with extras like printers and offering services for such equipment. It was a perfect long-term relationship with customers, or so HP managers thought.

HP reached the top of the industry 10 years ago through the expensive purchase of rival PC maker Compaq.

Change within the sector, however, threw them off balance. Their hardware sales dropped, their software business failed to grow fast enough, payment for acquisitions like security service provider SonicWall was still pending.

Prospects are good once the payroll is reduced, and share prices rose more than 3 per cent Thursday.

While Apple is surfing the mobile wave with the iPhone and iPad and setting trends in the notebook computer market with the MacBook, Hewlett-Packard does not even have smartphones and tablets on offer.

HP bought the smartphone pioneer Palm in 2010, but the management opted to close the company soon afterward, because it was uncompetitive.

Mobile Money and Financial Inclusion

The following article is a reprint of the paper presented by Mr. Jay Collins, Vice Chairman, Corporate and Investment Bank, Citi during the 45th ADB Annual Meeting held on May 2-5, 2012 in Manila.

The ability to move, pay, collect and store money on mobile devices began in Kenya. As it spreads throughout the Emerging Markets, it has opened up the door to the delivery of broad ranging financial services, with the potential to economically transform the lives of 2 billion of the world's poorest people. For those without bank accounts, who are excluded from the basic workings of modern financial activity, the mobile phone represents an opportunity to connect to economic hope and opportunity.

This mobile financial revolution is still embryonic, with the global potential to go viral, much as Facebook did when a critical mass of users created a network effect so fast and powerful it brought down Harvard's network. Only this network effect is neither social nor destructive ... it's economic. And its economic effect will make it the most useful economic development tool in history.

Yet, if mobile money is to truly become the killer app of developmental economics, governments must seize the opportunity with bold leadership, proactive regulation and flow contributions in order to facilitate the functioning of mobile ecosystems. While mobile finance as a development tool is off to a strong start, we are far from our potential and need to do more to accelerate the financial inclusion agenda.

It all started in Kenya, the poster child of mobile finance and financial inclusion. The mobile phone has now connected over 70% of Kenyan households to the financial system; M-Pesa currently handles more transactions per year than Western Union does globally and represents 15% of Kenya's GOP. But Kenya's mobile finance success is only the tip of the iceberg. Below the surface are an extraordinarily large number of relatively new mobile wallet operators who are having a real early stage impact; there are currently 93 live mobile money services and over 100 additional ones planned around the world. These mobile wallet operators are actively engaged in a race to reach the magical tipping point where the network effect kicks in and the ecosystem goes viral. And a viral mobile financial ecosystem represents a pot of gold at the end of the financial inclusion rainbow. While these nascent mobile wallet ecosystems have far to go to reach Kenya's scale of success, the myriad of bright shining examples abound.

Take for example a "Class D" father here in Manila who can use "Text a Payment" services to pay water bills and repay his loans with no cash and without losing his lunch break using mobile money. An aspiring twenty year old in Bangkok can pay bills after a late night shift, as True Money allows her to transact anytime, anywhere.

P2P payments, the early stage of any nascent mobile ecosystem, are moving bi-directionally, from rural to urban and urban to rural. An average urban blue-collar garment worker in Cambodia is sending up to half of his paycheck to his family in rural areas of the country. In Paraguay, farmers send mobile money to their older kids in city schools; the mobile payment system is displacing the unreliable bus driver who may have otherwise carried the money.

The popularity of mobile finance with the youth of many emerging economies is exciting. Young high school graduates - the South African WIZZ kids - from low-income communities teach new users how to open and use mobile accounts. Young cricket fans in Bangladesh are buying tickets with their mobile phone.

Payments have even gone cross-border. Here in Asia for example, Malaysian migrant workers are sending money to their families in Indonesia through mobile cross border remittance systems.

Beyond individuals, small and medium size businesses (SMEs) and NGOs have only just begun to see the benefits. The small business owner in Dar es Salam, who has neither bank credit nor working capital, can use his mobile phone to pay his supplier and collect from customers. Selectively, non-profits are adopting with baby steps. Mercy Corp, for example, responded to the crisis in Haiti by paying temporary workers to rebuild infrastructure, sending m-tokens to their mobile phone. Large government donors, like USAID, are hiring the best and brightest to understand, impact and fund innovation in this space. In Zambia, cotton farmers have eliminated the time lags of large buyer payments and reduced transaction costs by using a mobile money platform. Nestle has designed a mobile milk supply chain to improve the flow of money and milk with their rural dairy suppliers,

Mobile Money

improving the life of the rural dairy community.

But mobile payments by themselves are only the foundation of the dream. The future impact of mobile money on financial inclusion is really not just about payments and collections. It is about the surge of entrepreneurial activity, innovation and the provision of a much broader array financial services targeted at the financially excluded through a mobile channel.

Again, Kenya paints a picture of what is possible. M-Pesa has gone from mobile remittances, to mobile payments to a mobile ecosystem of "m_ everything". Micro-credit and micro savings have been transformed by M-Kesho to mobile savings and mobile lending. New businesses utilizing mobile financial services have blossomed and flourished. For example, there are now approximately 300 businesses that are formally connected to M-Pesa's mobile money capabilities.

Innovation in Kenya abounds. The Jua Kali Association Retirement savings plans, UAP Insurance's crop insurance program for draughts, and Changamka Microhealth's medical savings plan are all mobile finance innovations that are delivering on the financial inclusion agenda. Finally, there is Musoni, which provides Kenyans completely cash free microfinance lending.

In fact, mobile finance is super charging the microfinance agenda in a way that was heretofore not possible. The ability to achieve scale and cost savings has potential transformational benefits for microfinance institutions (MFls). In West Africa, for example, MFls that have introduced mobile finance solutions have reduced transaction costs by a third and processing costs by a quarter. Of even greater significance is the fixed branch cost reduction, which here in South East Asia has been reduced by almost

half. Mobile micro finance banks have a client to loan ratio that is 5-8x higher then that of a traditional MFI. This gives MFls the hope for reach, scale and scope that was simply not possible before now.

These are very early days to estimate the true economic consequences of mobile money and the G-20s efforts to improve data and measurement capability will go along way to improving on the status quo. That said, there are some powerful early stage estimates. For example, the World Bank estimates that a 15% increase in financial inclusion in a country (imminently achievable) can increase annual employment growth by 1%. So if we succeed in reaching tipping points in even a third of the launched ecosystems of the world, the employment benefits will be significant.

As we look at the availability of credit as it relates to the global employment crisis, it must look closely at how to impact credit flows to Small and Medium Size businesses (SMEs). Because credit-starved SMEs contribute 45% of total developing world employment, the potential impact of mobile finance on credit can actually move the global employment needle.

Moving forward, measuring impact will be critical. Mobile money data should not only include employment and credit, but savings growth, insurance penetration and wealth distribution (using the gini co-efficient). These measures will allow us to benchmark financial inclusion

progress in countries with mobile money. In Malaysia for example, by 2020, mobile finance has the potential to increase formal credit by 23%, insurance by 31 %, and formal savings by 15%. In addition, as an example of a wedge to close the income gap, mobile finance can significantly improve the gini coefficient. One estimate for Bangladesh shows the gini coefficient moving by slightly over one point.

India's estimates are among the most inspirational, as the absolute potential of financial inclusion is so large. It is estimated that as a result of mobile finance efforts in India, by 2020, 82 million new people will have access to credit, 19 million will have first time access to insurance, and 1 % of national income will be saved due to travel and time efficiencies. India could actually see a GDP increase of 5%, tax revenue growth of $50 billion and 4 million new jobs, 1 of every ten new jobs created. That's 600,000 new businesses before 2020.

For mobile finance to reach its full potential, the ecosystems that have been launched or are soon to be launched need to reach economies of scale, which begin to kick-in somewhere around a million active users per system. Kenya's model of one dominant player driving the entire strategy is actually unlikely to fit with the complexities of many early stage ecosystems. Instead, most ecosystems

Tablet Sales May Hit 126 Mil. in '12: IHS

By AFP

Global sales of tablet computers are expected to surge to 126.6 million in 2012, driven by the iPad and rivals with a smaller format, a market research firm said on September 17, 2012.

The survey by IHS iSuppli predicted a robust 56 percent annual increase in shipments for the tablet market in 2012, from 82.1 million units in 2011.

"Media tablets increasingly are becoming the biggest growth driver in the market for the small and medium display market," said IHS analyst Vinita Jakhanwal.

"While the nine-inch segment dominated by the iPad will account for the majority of tablet display shipments this year, the fastest-growing portion of the market will the 7.x-inch screens used in products like the Galaxy Tab from Samsung Electronics, the Kindle Fire from Amazon, the Nook Tablet from Barnes & Noble, and other tablet products using the Google Android operating system."

A report last month from ABI Research boosted that firm's estimate for tablet sales to over 100 million.

IHS said 59 percent of all tablets will be in the larger form where the iPad "is the uncontested leader."

Growth in this segment is forecast to rise 35 percent from 55.2 million units in 2011.

In the seven-inch segment, which Apple is expected to enter later this year, sales are expected to nearly double from 20.8 million units last year.

Among the manufacturers of the LCD displays used in tablets, South Korea's LG and Samsung dominate the market with 42 percent and 38 percent shipment market share, respectively, IHS said. Both are Apple suppliers.

Aside from supplying Apple, LG also furnishes display panels to Amazon and Barnes & Noble, while Samsung provides panels to its internal tablet division.

Source: AFP, Sept. 17, 2012 ∎

Mobile Money

will require intensive coordination and collaboration among many more actors with shared benefits of success in open architecture multi-bank, multi-operator systems.

The perfect world mobile finance ecosystem would look like a symphony orchestra, where the various industry and government participants show up at the same time, with the same sheet of music and play in harmony. That is not today's reality. Currently, players appear at different times and places with their own music and tempo. Here is where governments can make a difference. Without facilitation and participation by government in ensuring that the rules are clear, and committing to do its part to contribute government flows, many mobile ecosystems could stall or fail completely. On the other hand, with an elevated global dialogue and establishment of principles that accelerate adoption, governments can achieve their financial inclusion objectives. ∎

Messaging Apps Show Mobile Web's Rise in Asia

By You-Kyung Lee, Associated Press

Ahandful of smartphone apps that began as basic instant messaging services have amassed several hundred million users in Asia in just a couple of years, mounting a challenge to the popularity of online hangouts such as Facebook as they branch into games, e-commerce, celebrity news and other areas.

Among them is Line, which has grown to 60 million users, mostly in Asia including at least 29 million in Japan. Its developer estimates the number of users will reach 100 million by the end of this year. Also popular is Kakao Talk with 60 million users, more than half in South Korea where it originates. Other successful messengers are Nimbuzz made by an India-based firm which has amassed 100 million users including 31 million in Asia, and WeChat by China-based Tencent, which is nearing 200 million users.

The rapid growth of such applications underlines that people are increasingly going online using mobile phones and other wireless devices. It is a trend that has proved problematic for the world's most popular social networking site. Facebook has lost more than $50 billion of its market value since its initial public offering largely due to doubts about its ability to successfully insert advertising into the mobile version that a large and growing number of its 955 million users access from smartphones.

"Japan, Korea and to a lesser extent China are leading the way in terms of mobile messaging-centric apps that move into diverse and potentially very profitable new service areas like gaming, affiliate marketing, next-generation emoticons," said analyst Mark Ranson at research firm Ovum. "Offering a free, high quality messaging service is a good way of

building a large and loyal user base which can later be introduced to more readily monetizeable services."

Instant messaging, also known as IM, was first popularized on desktop computers with applications such as Microsoft Messenger that evolved from text-based chatting and sharing files to the voice calls and video conferencing that Skype is known for. The advent of smartphones took IM back to basics with services such as WhatsApp and Blackberry Messenger that allowed for real-time chatting, swapping photos and not much else. The new instant messaging apps such as Line have evolved into online destinations in their own right.

"I use Line messenger every day, about every hour ... instead of text messages or emails," Supinda Toochinda, a 31-year-old interior designer in Bangkok, said in an email. She said Line was the only mobile application she'd spent money with, buying elaborate emoticons called stickers that can be sent to friends while chatting.

Part of the appeal of the applications is the ability to create an unlimited number of group chats and the ease with which connections can be made — the apps automatically create a contacts list by harvesting the contacts list saved in the phone. At the same time, managing privacy is simpler than on a social networking site.

Analysts say these mobile messengers are showing more nimble and promising moves in the efforts to make such mobile services profitable without relying solely on advertising.
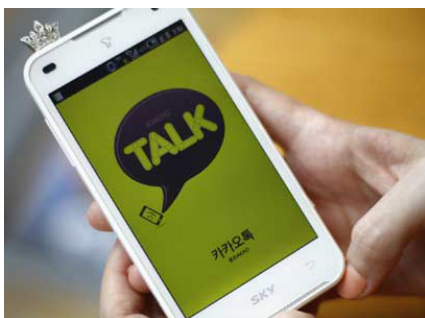
Mobile Devices May Drive ICT Sector This Year

By the China Post News Staff

The global integrated circuit (IC) industry is set to experience a recovery this year, due largely to the popularity of mobile devices, experts agreed.

The rebound will take place after a year of sluggishness in the semiconductor sector last year, which might have experienced negative growth.

According to market research firm iSuppli, the global IC industry might have had total production value of US$303 billion, a decline of 2.3 percent compared to 2011. The negative growth would be the first time since 2009.

A decline was seen in five of the six major applications for semiconductors, namely data processing, consumer electronics, industrial applications, landline communications and automatics. The only IC application that saw an increase last year was wireless technology.

Yet, strong growth was seen for IC companies that made semiconductors for smart devices and tablet PCs. These firms included Taiwan Semiconductor Manufacturing Co. (TSMC), Ilitek and Faraday Technology Corp.

As for 2013, iSuppli gave a sanguine outlook, saying the IC industry will experience growth, in keeping with an overall growth of the world's total gross domestic product, which is set to grow 3.2 percent this year, compared to 2012's 2.6 percent.

According to the firm, the IC industry this year is expected to grow six percent compared to 2012.

Growth will mostly be due to the popularity of smart and tablet devices, which will replace personal computers as the biggest application for ICs, iSuppli said.

Morris Chang, chairman and CEO of TSMC, also expressed a similar view, saying the firm's success couldn't have come without strong demands for mobile devices.

Source: China Post, January 2, 2013 ■

"Kakao Talk and Line are seeing opportunities as Facebook isn't making money from users of its mobile website and app," said Ryu Han-seok, director of the Technology, Labor and Culture Institute, a consulting company, in Seoul. "In the mobile markets in Asia, they are ahead of the game."

"It is probably tough to compete with Facebook in the U.S. or Europe. But in Japan, South Korea and other Asian countries, they have a good chance of beating Facebook," said Ryu.

While Line messenger is expanding to photo editing and sharing, social games and Twitter-like features that allow users to follow corporate brands or celebrities, its windfall came from sales of virtual goods.

Sales of stickers — a $1.99 bundle of cute pictures of cartoon characters or animals — have been its biggest revenue generator. In August, users spent about $3 million to send the elaborate emoticons when they chat with friends.

Kakao Talk, which is only accessible on mobile devices, says it is trying to develop a business model that isn't dependent on advertising. Since its launch in 2010, it has added a free voice calling service, a gift shop to send Starbucks drink coupons to friends, and options for receiving weather and news, discount vouchers and music videos.

Source: Associated Press, Sept. 18, 2012 ■

Angry Birds & YouTube Among Top Apps of 2012

By Natasha Baker, Reuters

Angry Birds, Instagram and Facebook continued to be among the most downloaded apps of 2012 but rising stars also earned coveted spots on smartphones and tablets.

Last year consumers spent on average two hours each day using mobile applications, an increase of 35 per cent over the preivous year, according to analytics firm Flurry. The number is expected to continue growing in 2013.

"2012 was a transformative tipping point in the way consumers use apps," said Craig Palli, a vice president at mobile marketing company Fiksu, adding that the biggest shift is in consumers' eagerness to turn to apps for a broad range of day-to-day tasks.

Categories such as social networking, media and entertainment, photo editing, and games, continued to captivate consumer interest, with YouTube and Angry Birds being the top free and paid apps respectively at Apple's App Store.

Meanwhile, several apps released last year quickly joined the ranks of the top downloaded and revenue grossing apps of the year.

The game Draw Something for iPhone and Android quickly gained widespread popularity when it was released in February of last year, and despite dropping off, is still the second most downloaded paid app of the year Android and Apple devices.

"It had a big run and other multi-player puzzle-oriented games like newcomers LetterPress and ScrambleWithFriends proved popular, too," Palli said. "But in many respects these titles were inspired by the more revolutionary Words With Friends."

Songza, a music-discovery app for iPhone, Android and Kindle Fire, saw significant growth in both the United States and Canada, where it is now one of the top free apps on the App Store.

Paper, a sketchbook app for the iPad, is estimated to be one of the top grossing apps released last year according to Distimo, an app analytics company. It was named by Apple as the iPad app of the year.

But the real revolution, according to Palli, is among consumers who are eager to turn to apps for their day-to-day tasks, such as finding a taxi or hotel, following current events or increasingly, making payments.

"It is really consumers who are turning to apps first and traditional methods second," said Palli.

Source: China Post, December 31, 2012

ABOUT CACCI

The Confederation of Asia-Pacific Chambers of Commerce and Industry (CACCI) is a regional grouping of apex national chambers of commerce and industry, business associations and business enterprises in Asia and the Western Pacific.

It is a non-governmental organization serving as a forum for promoting the vital role of businessmen in the region, increasing regional business interaction, and enhancing regional economic growth. Since its establishment in 1966, CACCI has grown into a network of national chambers of commerce with a total now of 29 Primary Members from 27 Asian countries. CACCI is a non-governmental organization (NGO) granted consultative status, Roster category, under the United Nations.