

# Sympathetic the Progress and Dispersion of Internet Commerce Expertise in Malawi

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## Abstract

Trade in Africa has the potential to be revolutionized by Information Communication Technologies (ICTs), which have led to the development of e-commerce. These technologies have the topics to uplift intra-country and inter-country trade and subsequently promote economic development in many African countries. However, African states are yet to reap the full benefits of e-commerce, as it has not penetrated the continent to the extent experienced by Western countries. The lack of adequate ICT infrastructure, lack of vital ICT knowledge and threat of cybercrimes has created a significant windbreak to the adoption and growth of e-commerce in African countries. Malawi is one of the developing countries that are making ways into electronic commerce. it has achieved initial results while dealing with technology-based, goods/money making, and art and learning specificity that have points in which things are like with and amounts, degrees, points different from the model of commerce diffusion in developed countries. a more than one- or two-phase observations into commerce in this Central American country has been guided. The main finding is that there are some favorable conditions to diffusing e - commerce in Malawi but the obstacles are not insignificant.

## Introduction

Electronic commerce or ecommerce as is often mentioned refers to the process of trading across the internet. In this sense ecommerce can be looked at as the buying and selling of goods and services over electronic systems which include digital content, funds transactions, commercial auctions, share trading and many more, internationally. There is as such an interplay of various social, political, economic and technological ideas, goods and services that attempts to transcend

the barriers of a physical or geographically limited commercial system in essence a virtual marketing system.

This essay will attempt to identify and discuss a range of issues affecting an ecommerce technology, including technical, business, geographical, social and ethical issues. It will attempt to explore the existing Laws of the Republic of Malawi on whether they provide a favorable environment for ecommerce development and understanding the development and diffusion of internet commerce technologies in Malawi. In addition, the essay will explore the main policy issues that the government of Malawi faces in the creation of a favorable environment for e-commerce development.

### **Background study**

In the past five years, Africa has had the most rapid Internet growth rate in the world. Yet, Internet penetration rates remain low compared to other global regions. The main means of Internet connection in Malawi is Mobile, as fixed connections make up less than 10% of the total Internet subscriptions in many countries throughout the continent, such as South Africa and Tunisia. The rapid growth in internet connectivity has led to consumers and producers seeing the advantages of e-commerce with convenience forming the major enticing factor for online businesses, for instance in Malawi and Kenya. But even at that, only few Internet users in Malawi have made an online purchase. Two main factors are identified as the major barriers to wider acceptance of ECommerce in Malawi, delivery infrastructure and secure payment methods. Trade in Offline Teleservices and Virtual Goods. The lower wage environment of African countries provides opportunities for them to offer goods and services at significantly better rates than equivalent workers in United States and Europe. Virtual goods like downloadable music files and digital images, capturing medical records data, digitizing architectural drawings, translations, etc. can be created anywhere for electronic delivery to the client. African countries can themselves acquire these virtual goods with no concern about physical location. Trade in Online services. Online forex trading, Online airline ticket booking and reservations, online banking services, online taxi/bus booking services, online auctions and supplies have become fully operational in African countries facilitating efficient trading by providing timely access to vital business information. The massive deployment of globally

accepted electronic payment cards Mastercard, Visa card etc.by Malawi banks has actually bridged the gap in trade and payment methods between the continent and the western world.

### **Survey & findings**

First, a major grapple in ecommerce is the technical aspect of it. The ability to deliver to goods and services to a specific clientele, with specific needs and specific organizational or institutional needs requires high quality skills base, and sophisticated designs that need to be integrated into the whole concept of consumer needs and virtual business environment. This is a challenge because of the inadequacy, or unavailability of the level of the skills required, the time and resource constraints that characterize such a venture. In particular, there are issues of communications infrastructure that are necessary for increased performance of ecommerce such as bandwidth which when inadequate or limited present difficulties in service delivery by limiting user interaction in the ecommerce system. Secondly, ecommerce has issues when it comes to the business perspective. Several challenges exist in relation to processing capabilities. The issue hinges on the real time processes of which the classic example is that of inventory management, payment methods 2 and goods delivery that is to be brought on by the ecommerce system The slower the systems, coupled to inaccurate or obsolete databases compromises the element in ecommerce. This in essence affects the performance of the business in relation to provision and marketing of goods and services which is the principle aim of ecommerce. The business part is often also affected by the technical aspect of ecommerce. As mentioned earlier, the full extent of applications that can be fostered by ecommerce is subject to resource and time factors, and skill. In addition, ecommerce is essentially a virtual platform for the delivery of goods and services. Business is as such constrained by the level of trust that can be accorded by a consumer in accessing an online system to transact and await a service; with respect to concerns over the delivery the correct service or good, the state of the goods or service on delivery especially in relation to whether these are perishable or non-perishable goods/ services. This brings us to our third point. Thirdly, ecommerce is affected by the attribute of the society. Popularly known as the digital divide, it refers to the social challenge that exists due to a society's appreciation of technology. Socio-culture environment is known to affect the effective

adoption of ecommerce. For instance, increased appreciation of technologies in the sociocultural context results in an increased and better facilitation of ecommerce systems.

### **Methodology:**

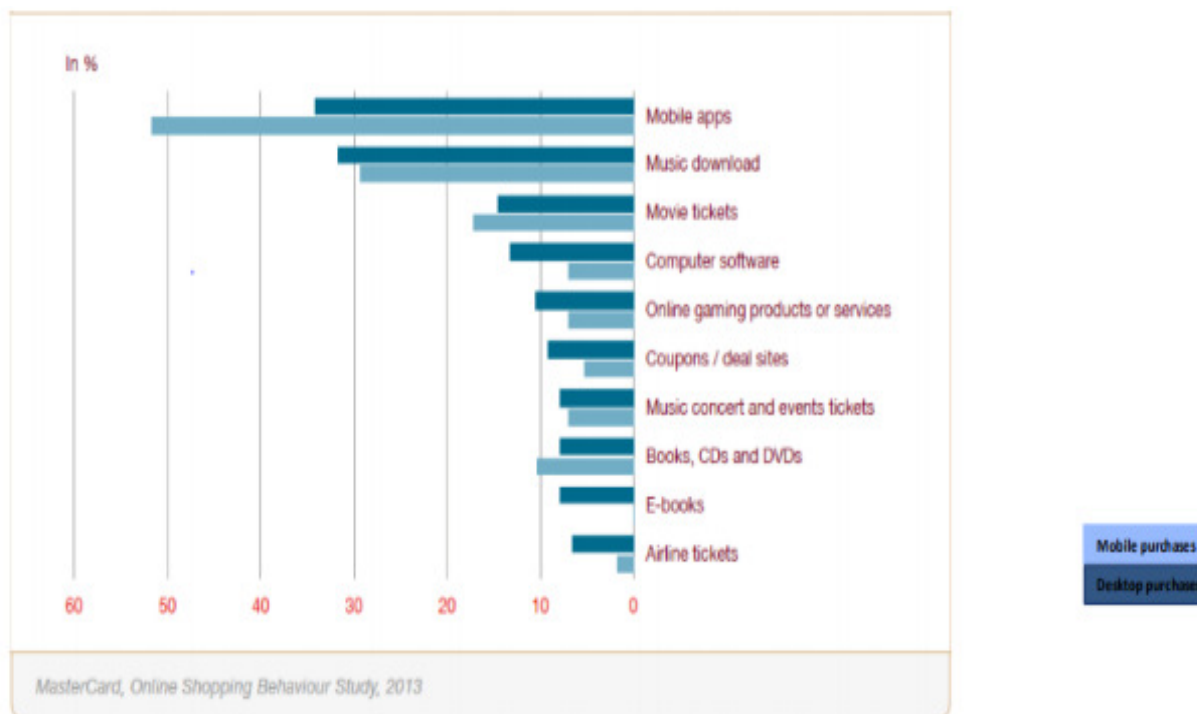
In respect of this, appreciation of higher interpersonal networking technologies that foster ecommerce become increasingly diminished and undervalued because of the poor social and economic literacy levels prevailing. Fourthly, geography appears to be the single most challenge to ecommerce. Trade has often been marginalized principally due to limitations in physical location and communication. As such, geographical limitations have been by and large a constrain to global marketing and the purchasing of goods and services. Ecommerce helps transcend this barrier by introducing a platform that brings the marketing space to the consumer's forefront. Although this is an achievement, geography has proved to be a challenge due to among others the digital divide, and access to higher knowledge systems. Problems are likely to arise when there are gaps in geographical clusters; geographical gaps slow or de-link technological growth.

Fifth, ethical considerations are critical issue to the adoption of ecommerce. This in turn may influence the perception of staff or societies based on the inclined forces of the institutions. Ethical codes thus pose a challenge in the adoption of ecommerce technology as the regulate the behavior that may or may not foster an ecommerce friendly environment. In addition, ethical codes may be limited by the law in some cases. For example, in societies like Asian countries where the government maintains a centralized command on communication, ecommerce may be seen to be hampered by the filters that are inherently based in the legal structure of an authoritarian regime.

Lastly, security concerns in ecommerce are to do with the protection of information about individuals, transactions, or organizations. In ecommerce, user information provides business organizations with effective targets and segments to address in the provision of goods and services based on observable consumer behavioral patterns. The challenge is that information gathering renders ecommerce consumers prone to exploitation, theft, fraud and manipulation.

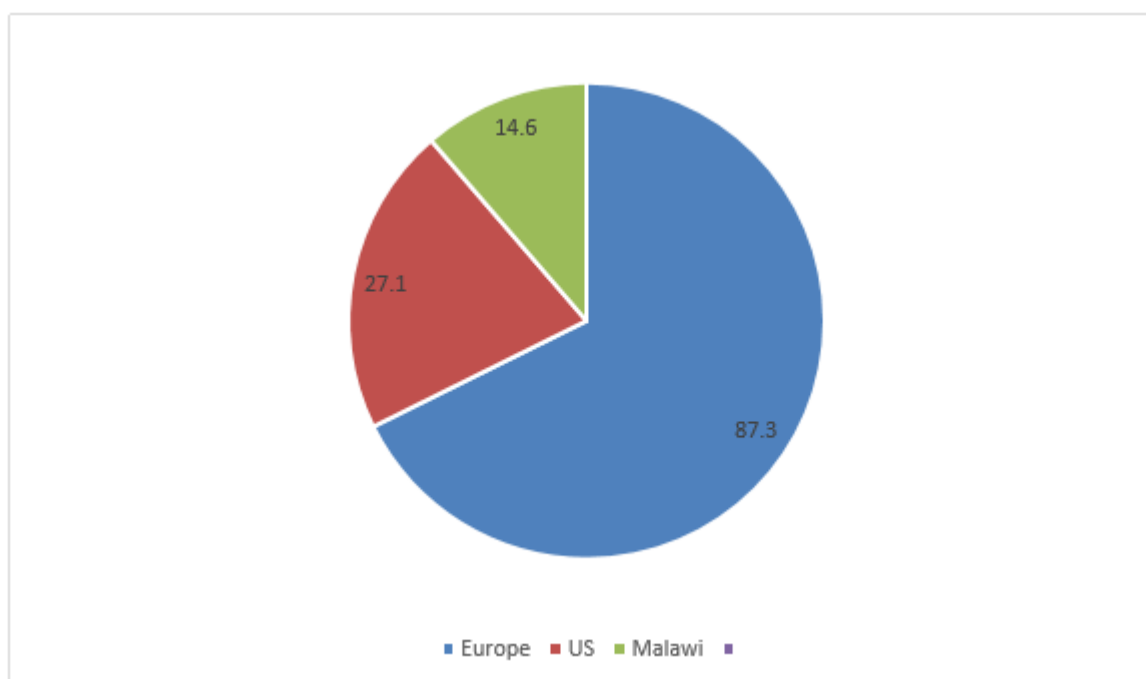
The resulting challenge is distrust and suspicion with the delivery, and management of ecommerce systems. This further creates a challenge in the adoption of ecommerce technology.

**Figure 1 Most Popular E-commerce Categories in Malawi**



In terms of the E-commerce entities, there has been a move away from creating large stores to small online shops focused on particular niche products. These are shops hosted on large international platforms that offer the opportunity to reach a large market as well as access to payment gateways. Industry practitioners interviewed as part of this study, noted that, as more Malawians become proficient Internet users, the general fear towards the use of Ecommerce has declined and online security and measures to prevent fraud have been put in place by the banks as well as the Payments Association of Malawi . The greater amount of E-commerce transactions is characterized by Malawian consumers purchasing mostly from Malawian websites (14.6%), but 29.1% purchase from the US, and 85.2% from websites in Europe as is illustrated below.

**Figure 2 Domestic and Cross-Border Purchases**



### **Laws and policy issues affecting ecommerce in Malawi**

Malawi faces a significant challenge in the area of laws to accommodate and facilitate ecommerce as it has no legal framework and policy for regulating ecommerce (Ecommerce Journal 2008). In this regard, it is safe to say that Malawi Laws do not offer an ecommerce friendly environment. As it has been shown above, Malawi's legal setup does not meet with the basic standards for a friendly ecommerce environment which include failures to bridge the digital divide, or promote access to inexpensive and easy access to information networks, legal recognition of e-commerce transactions; consumer protection from fraud; protection of consumer's right to privacy, legal protection against cracking and protection of intellectual property because of the lack of effective laws to protect and regulate the conduct of ecommerce in Malawi. In spite of these challenges, Malawi has taken significant efforts to adopt policies that maybe considered to auger an ecommerce friendly environment. For example, Malawi is listed as one of the countries in Africa that has attempted to regulate the cost of communication by introducing a tariff system to permit Internet access at the cost of a local phone call. In addition, Malawi has consistently aimed at improving the infrastructural road, and mobile network to help

grow the structures that can facilitate the availability of communications access such as open networks to rural communities in the hope of boosting the SME sector to adopt favorable ecommerce technology. This is reflected in Malawi's national budgets. This is a positive direction as the majority of SMEs in Malawi are located in the rural or semi-urban, or peri-urban areas. The challenge is that the government has not adopted a clear policy that significantly integrates SMEs into ecommerce technology save for engaging mobile operators who bring on a wide range of m-commerce operations that help facilitate ecommerce in their operations such as the recent Airtel Money service.

### **Conclusion**

Malawi has a long way to go in as far as developing its ecommerce base is concerned. There is need to enact relevant and applicable laws and policies to facilitate the development of ecommerce systems. In the same regard there is need for massive sensitization and awareness to bridge the digital divide. This can be further facilitated if the central government itself becomes a major user of ecommerce technologies. The deployment of government pays structures to a bank facilitated network is one such mechanism that can benefit and improve such systems. In fact, it raises the need for the government to modernize by domesticating ecommerce technologies. It is not enough for the government to render the notion of ecommerce as a tool to development and yet not adopt the infrastructure necessary for such operations in its own system. Charity begins at home. In addition, there should be a clear linkage in the adoption of ecommerce technology policies and law that can be developed and how these are intended to be used in relation to SMEs. Where these technologies are adopted there is need for government to provide a clearly outlined framework that creates a favorable platform for both consumers and suppliers of ecommerce services vis-à-vis the legal issues bordering on the technical, social, political, economic and security of ecommerce technology.

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