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Unclear regulation, payments drag on India's Internet businesses, according to Economist Intelligence Unit report

The EIU researched why Asia's internet businesses seem to punch below the region's weight on the global stage. Based on interviews with senior executives from more than 30 online ventures and investors around the region, it examines the business environment faced by content creators and online platforms in Asia.

Select key findings were as follows:

- Internet regulation is on the rise and having a negative business environment impact, with many governments focusing more on control than empowerment. Asian governments are still finding their way with respect to governance and regulation of the Internet. For example, in India and Thailand, poorly worded and confusingly interpreted laws on liability for carrying illegal or even merely controversial content carry high administrative costs and cause a great deal of uncertainty for businesses, hindering innovation and limiting the growth of the online economy. The business environment for Asia's Internet companies could be much improved with clearer regulation and a commitment to enable and empower the sector to grow.
- Online payment channels are fragmented and under-developed, and are hindering businesses to grow. Improving the payment infrastructure is a pressing issue for many Internet entrepreneurs in Asia. There are several challenges: credit card penetration is low, there is limited ability to use debit cards online and there is a general reluctance to conduct transactions online. In some markets, businesses are forced to rely on offline channels for revenue collection, such as through ATM machines or convenience stores, or even in-person collection of payments.

John Ure, Director of the Asia Internet Coalition said: "We commissioned this regional report on online platforms and content creators to understand why very few Asian platforms were going global. The Economist Intelligence Unit findings highlight a number of key areas internet ecosystems around Asia can improve on to develop the next global phenomenon. It finds that in India an improved regulatory system would allow more focus on innovation."

The Asia Internet Coalition (AIC) is an industry association formed by eBay, Facebook, Google, Salesforce and Yahoo! Incorporated. The AIC seeks to promote the understanding and resolution of Internet policy issues in the Asia Pacific region.

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