

THE DIGITAL Commerce Opportunity



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There are a number of fundamental underlying trends which have contributed to the explosion of digital commerce in Trinidad and Tobago and globally. Increased competition (resulting in lower prices), traffic, crime, convenience, as well as increased broadband affordability and device availability have all converged to make digital channels increasingly popular.

Trinidad and Tobago has done well, in general terms, to lay a platform of infrastructure and connectivity over the last 10-15 years. Citizens have also responded aggressively, with uptake rates in certain segments (particularly mobile) within the top quartile globally.

Even though credit card penetration – the main vehicle for domestically originated on-line purchases – is still relatively low (hovering at about 15% of the population), families have found creative ways to leverage a single credit card for multiple members, even across households. This on-line purchasing channel has resulted in significant e-commerce driven trade demand in recent years.

However, the limited availability of an on-line payment infrastructure in-country through the local banking system, has traditionally been a significant hindrance to the development of domestic web-based retail stores and marketplaces. This has had macroeconomic consequences, particularly with regard to the balance of trade. Due to the unavailability of

local options, on-line domestic buyers purchase from foreign-based retailers and thus – in aggregate – place additional pressure on foreign exchange reserves. Recently, though, changes have been taking place.

In 2016, the Central Bank of Trinidad and Tobago granted a licence to First Atlantic Commerce to be the certified inter-bank TT Dollar payment gateway for Trinidad and Tobago. An Internet payment gateway is a system that allows the electronic transfer of funds from a consumer to a merchant with an on-line store. Most mainstream commercial banks (First Citizens, Republic Bank (RBL) and Royal Bank of Canada (RBC)) are also now connected to the platform and offer on-line merchant accounts to their business customers.



Concomitantly, local developer capability and availability have been improving. There are now a few seasoned development shops available to businesses who want to make a breakthrough and establish themselves in the on-line realm. These development shops have experience not only with the local internet payment gateway infrastructure, but also with international industry e-commerce website platforms and shopping cart offerings.

So, indeed, the basic infrastructure is in place to allow citizens to transfer money to local businesses via on-line storefronts. However, the opportunity to truly capture that potential and value of digital commerce still lies ahead of us.

Some Challenges Remain

While there is a plethora of opportunity for young start-up companies and seasoned technology houses alike, to help Trinidad and Tobago become a digital business leader in the region and in the hemisphere, realising this potential will require business and government to incorporate a “technology first” attitude (i.e. how can existing or innovative technologies be leveraged in strategic planning and problem solving initiatives).

Particularly with regard to the domestic banking infrastructure, there are yet some constraints for medium and small firms to access these services. The main challenges faced by businesses wishing to process online payments include:

- Application processes tend to be especially rigorous, intense and invasive, which can be a deterrent to many businesses applying for the facility.
- There are multiple fees and charges payable to secure and maintain access to online payment facilities. These fees include set-up charges, processing fees (usually per transaction), as well as service and maintenance charges.
- Processing fees tend to be a percentage of the sales generated and are deducted from the vendor’s sales margin (per transaction), which ultimately, affects the profitability of the business.

Capturing the Digital Opportunity

Over the last five years or more, there have been a number of opportunities for young people to enter “hackathons,” i.e. programming and software development competitions aimed at exciting a younger generation to get involved in technology and, in particular, to become mobile application developers. There has also been the “Start-up” Country initiatives, targeted

primarily at young technology companies, which attempt to fast-track them with presentation and business skills so that they can launch or scale their products. In this regard, there are companies as well as innovation centres with individual developers who, though skilled, are underfunded and wait to respond to one-off grant and competition schemes which are not sustainable or able to financially undergird an ability to scale.

The reality is that customers, many times, need to try out innovative technology solutions and have confidence in the supplier of the technology before adopting into their core processes. This means that the seasoned companies and young developer groups alike that create innovative digital platforms, will also need the financial capability to sustain offering access to their platforms for free, as a means to gain consumer trial before a payment milestone kicks in.

Significant value can be unleashed in the connection between knowledgeable financial investment capability and the professional mobile app development community. Such systemic collaboration can yield a plethora of advancements which can have economy-wide implications.

Established traditional business owners, for example, who are profitable enough to be in a position to make business investments in the IT / IT-enabled sector, should be encouraged to do so. They should be availed with enough awareness and capacity building interventions to better understand and appreciate the opportunities in technology, such that they can be confident enough to connect their ideas, market understanding, business experience and financial resources with young developers who can build the technology products to transform their business or start entirely new streams of innovative economic activity.

The environment is set. Let’s go!

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