

MONGOLIA ON E-COMMERCE

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Background information about Mongolia

1. GENERAL ENVIRONMENT



Territory	At 1,564,116 square kilometers (603,909 square mi)
Population	3.0 million / Population density-1.92 inhabitants per square km
GDP	\$12.5 Billion
Per capital	\$3,550 (World Bank 2016)
Average Temperature	Summer +22 ^o C – Winter -25 ^o C
Time zone	GMT +7 to +8 hours

<Figure 4: Mongolia Country Overview>

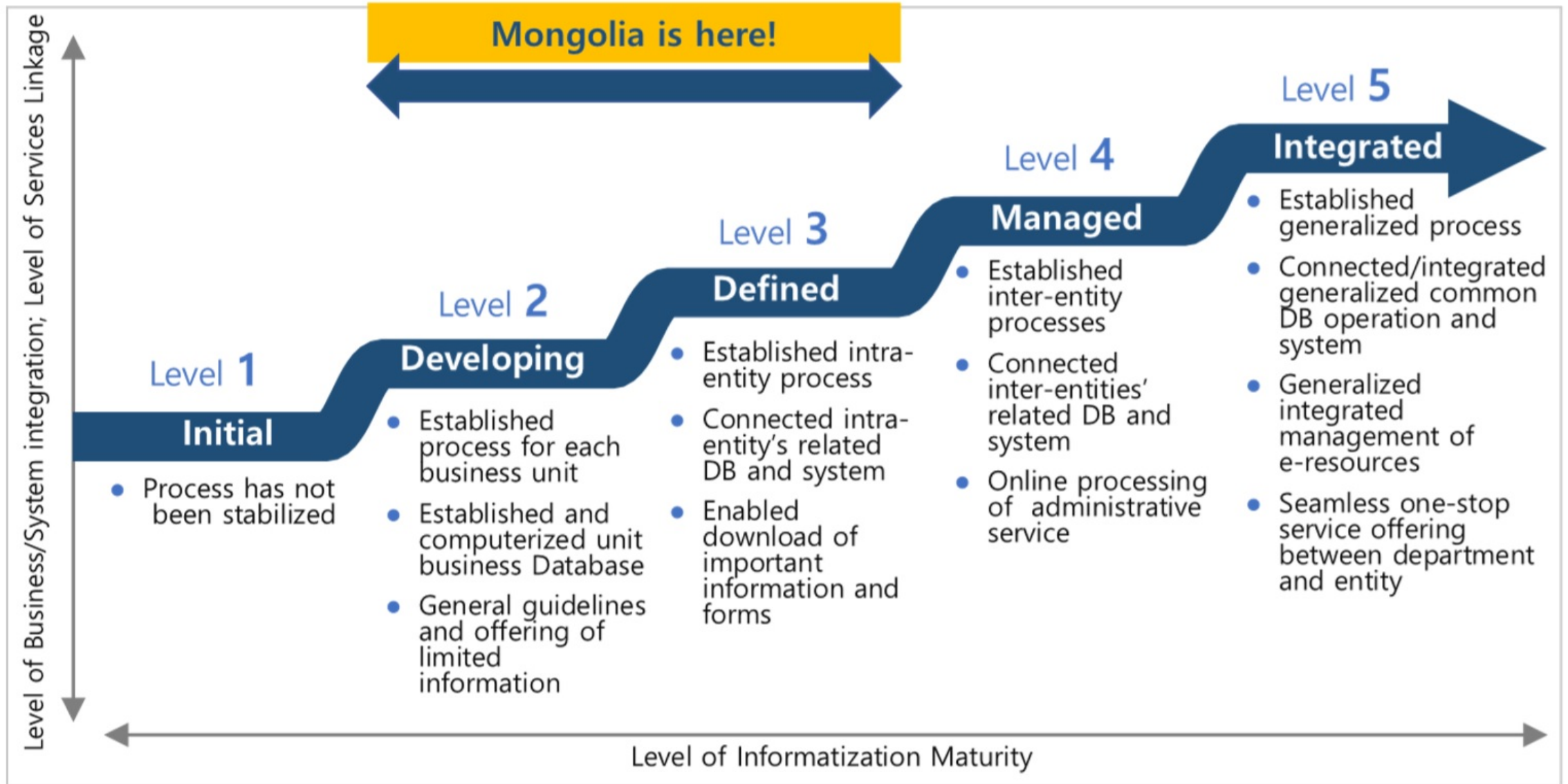
Mongolia low middle - upper middle income countries. (GDP per capita of USD 3,550 WB)

<p>Low Income Countries</p> <p><input type="radio"/> Less than \$995</p>	<p>Low Middle Income Countries</p> <p><input type="radio"/> \$996 – \$3945</p>
<p>Upper Middle Income</p> <p><input checked="" type="radio"/> \$3946 – 12195</p>	<p>High Income</p> <p><input type="radio"/> More than \$12196</p>

Some stats on connectivity

- Almost 90% of the bank customers bank card holders
- Population is 3 million and over 2.5 million mobile subscribers
- Internet rate is affordable for most of the population

Group	Improvement Theme	Remarks
Government	National Finance Management	
	Administrative Process Innovation	Automatic
	Inter-Ministry Coordination & Cooperation	Automatic
	Agriculture, Forestry, Fishery and Livestock Information	
Citizens and Society	Innovation of Public Educational Services through new channels	
	Civil Access Enhancement through Expansion of Online Services	
	Innovation of Internet Services to Enhance Citizen Welfare	
	Innovation of National Disaster & Safety Management Services	
	Enhancement of Internet Services to Support Citizen Everyday Life	
	Efforts for environmental protection	
Business (Economy and Industry)	Simplification of Administrative Service Procedures	Automatic
	Provision of Common Business and social Infrastructure	
	Innovation of Import/Export Work Processes & Services	
ICT Infrastructure	Information Resource Management	
	Enhancement of National Information Security	
	Establishment of e-Governance	
	Governmental services with mobile technology	



<Figure 18: Informatization Level for Mongolia>

Current challenges in e-commerce

- Lack of national level laws and regulations, which should meet the common requirements of Ecommerce such as online trade platforms of PCI DSS, GDPR, SSL.
- Challenges in E-commerce
 - geographical locations
 - sectoral and subsectoral specificity
 - diversified shopping choices of customers' preferences
 - copy rights
 - regulations on counterfeit products.
- Postal system and delivery system is poorly developed. No strong tradition in postal delivery and postal services to families.
- Challenges related to lack of information in respect to fees imposed on foreign transactions and remittances, waiting periods, information on bank cards (debit and credit), and forms and amount of cross-border taxations.

Solutions and steps

- Improve and sophisticate the bank payment instrument or in other words undertake A/B test, alleviate challenges facing consumers, and well apply the present availabilities of digital signatures in order to recognize [E-commercial] customers.
- Facilitate the favorable environment for export and import in order to accede to international E-commercial agreements.
- Detailed identification of E-commercial taxation environment and implementation of measures to avoid double taxations, which may get imposed during transnational trades.
- Remove challenges and obstacles derived from regulatory environment and implementation process.
- Expected endorsement and enforcement of potential “Law on Data protection” and “Law on Information security.”

Government actions on e-commerce

- Submitted General Taxation Law (Tax Law Reform) 2018 to the Parliament (provided preliminary level preparatory step towards the law on e-commerce)
- Budget allocation on Customs reform – Single Window System
- Ministry of Finance is urging usage of Digital Signatures to all legal entities to use.
- Ministry of Finance in negotiation with UBEX.MN to issue its first ever Government Bond trade online.
- Setting up the agency/authority in charge of e-commerce issues.

Few firsts of e-commerce in Mongolia

- 2006 – the first online shop flower delivery launched
- 2007 – the first kids toy online shop toybox.mn launched
- 2010 – food delivery restaurant with online order
- 2013 – Songo delivery established.
- 2011 – the first loyalty program from Mobicom Mobile operator later CANDY e-money
- 2016 – first fin-tech LEND.MN launched, expanded to SEA region
- 2018 – the first blockchain based exchange platform ubex.mn launched

E-commerce success cases in Mongolia

