

Booming e-Commerce: Is That a Fight with Regulations & Perceptions?

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- **Strengths/Opportunities of Turkish e-Commerce Market**



Average spending per e-shopper



76.7 million people live in Turkey
 29.2 million* people use the Internet
 7.9 million* people are e-shoppers
 *excluding people aged 0-14

Forecast 2015
€11.2 bn
 Turnover E-commerce Goods & Services



Europe €423.0 bn +13.6%
 EU 28 €368.8 bn +13.4%
 Southern Europe €47.3 bn +15.4%
 Turkey €9.8 bn +9.7%
 Total B2C E-commerce 2014 of Goods & Services

Ranking Southern Europe in turnover (EUR million)

1		Spain	€16,900
2		Italy	€13,278
3		Turkey	€9,800
4		Greece	€3,850
5		Portugal	€2,945



Estimated share of online retail of goods in total retail of goods



E-commerce GDP
1.63%
 Total GDP €601.8 bn

Position Turkey in European eGDP ranking

1		United Kingdom	5.74%
2		Denmark	3.84%
3		Austria	3.56%
}			
15		Czech Republic	1.86%
16		Portugal	1.70%
17		Turkey	1.63%
18		Spain	1.60%
19		Poland	1.59%



Estimated 52% of the population is on social media

Turkish Trustmark:
 No trustmark available

Turkish national E-commerce association
 Etid



Executed by:



Ecommerce Europe
www.ecommerce-europe.eu

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www.ecommercefoundation.org

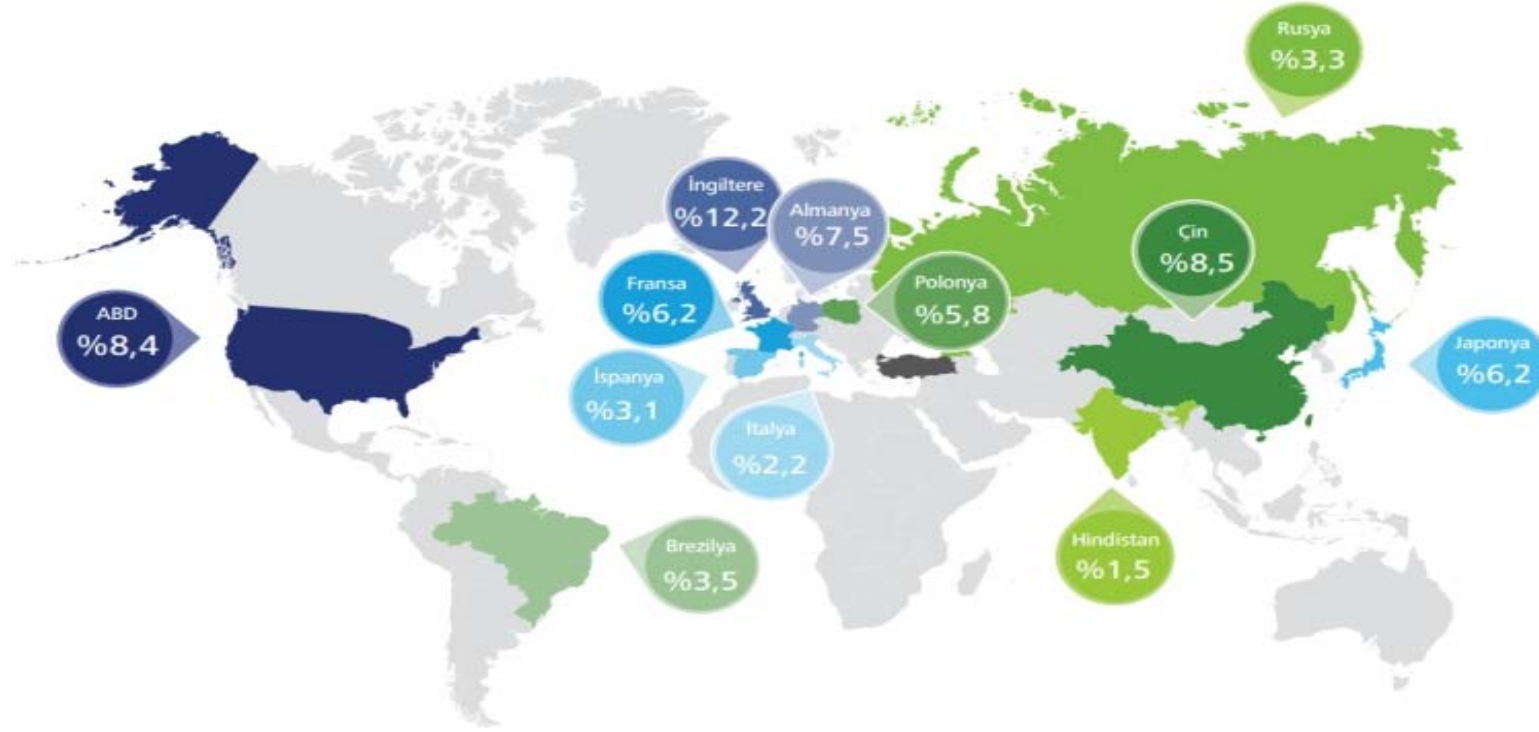
Info: info@ecommerce-europe.eu
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E-Commerce in Turkey 2015



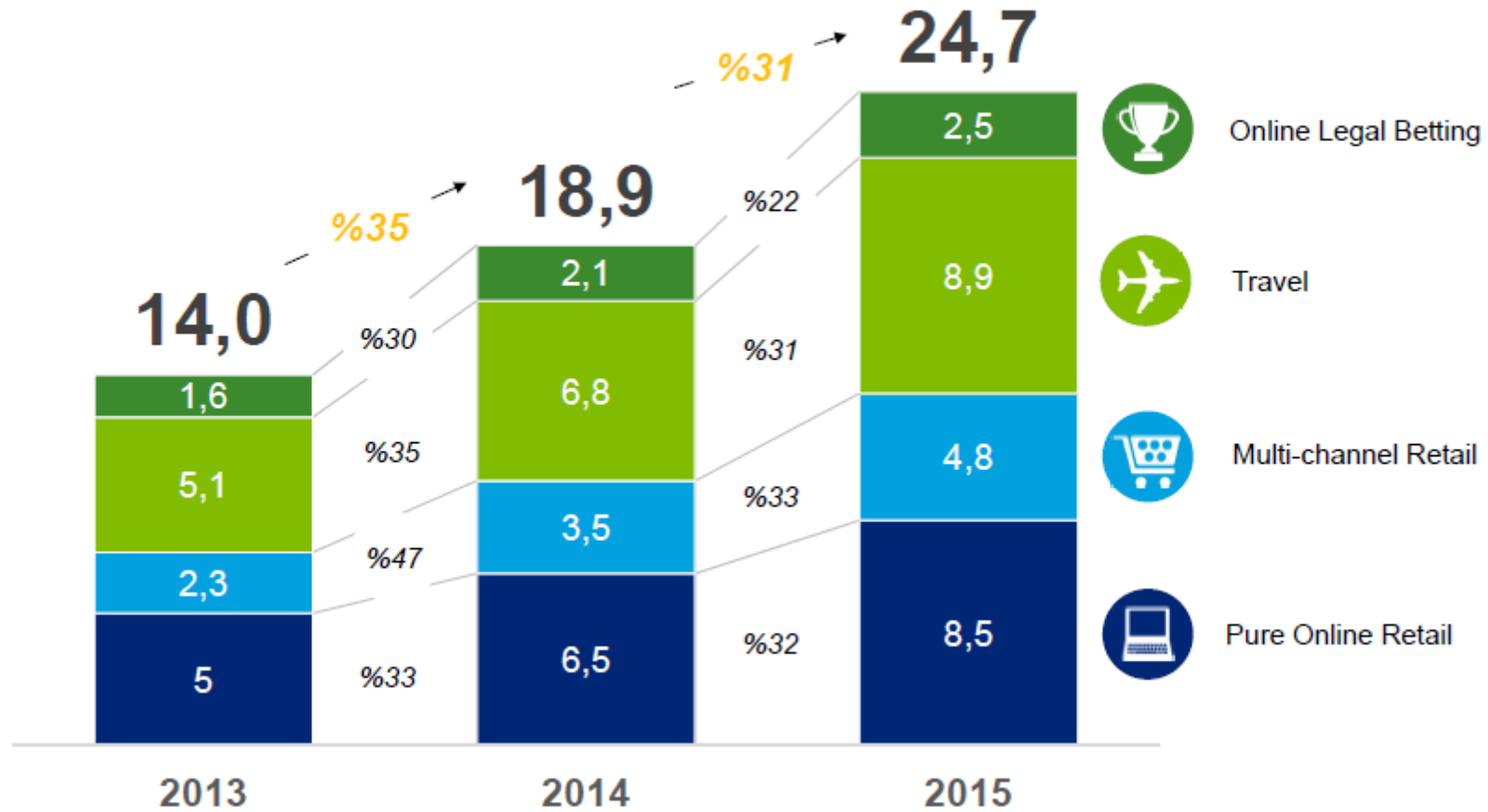
Gelişmiş Ülkeler
ortalama
%6,5


Türkiye
%1,6

Gelişmekte olan Ülkeler
ortalama
%4,5

E-Commerce Market Size in Turkey

TRY (bn)



Figures exclude VAT

Non-Retail: 11,4 TRY (bn)

Retail: 13,3 TRY (bn)



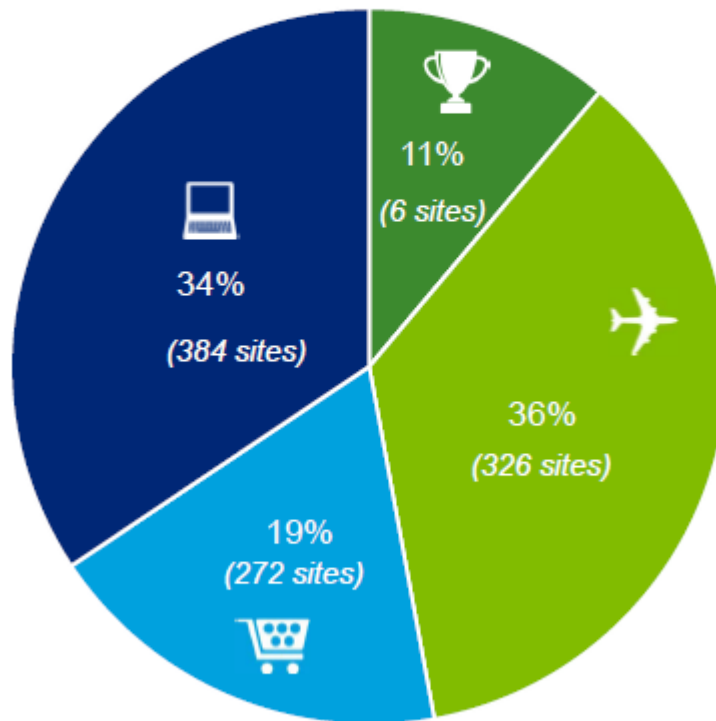
2016 Deloitte Danışmanlık A.Ş. 11

- Ecommerce in Turkey reaches €6.34 billion
- The ecommerce volume in Turkey has reached 18.9 billion Turkish liras (6.34 billion euros) last year, after it increased by 35 percent in 2014 compared to the previous year. Ecommerce in Turkey now represents 1.6 percent of all retail business in the European country.

E-Commerce Market Size in Turkey

Category mix and number of sites

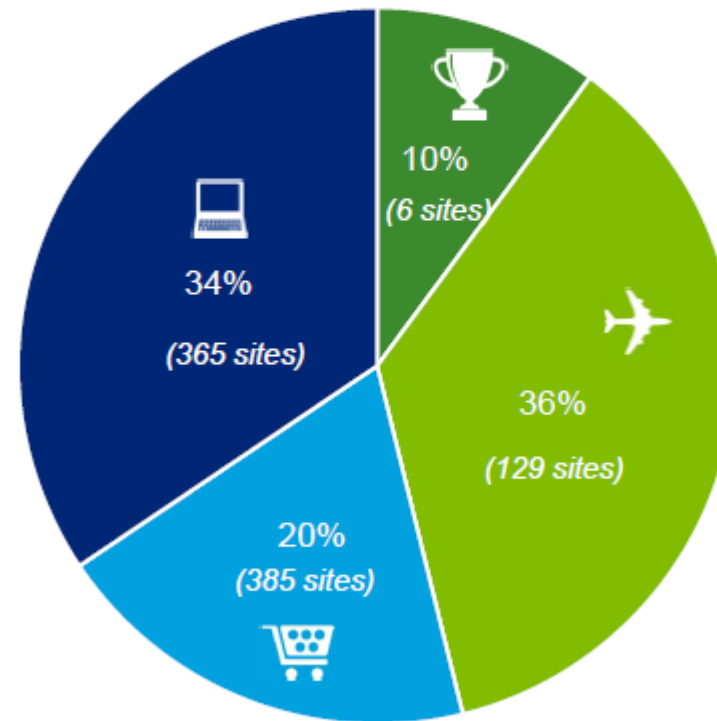
18,9 TRY (bn)



2014

Figures exclude VAT

24,7 TRY (bn)



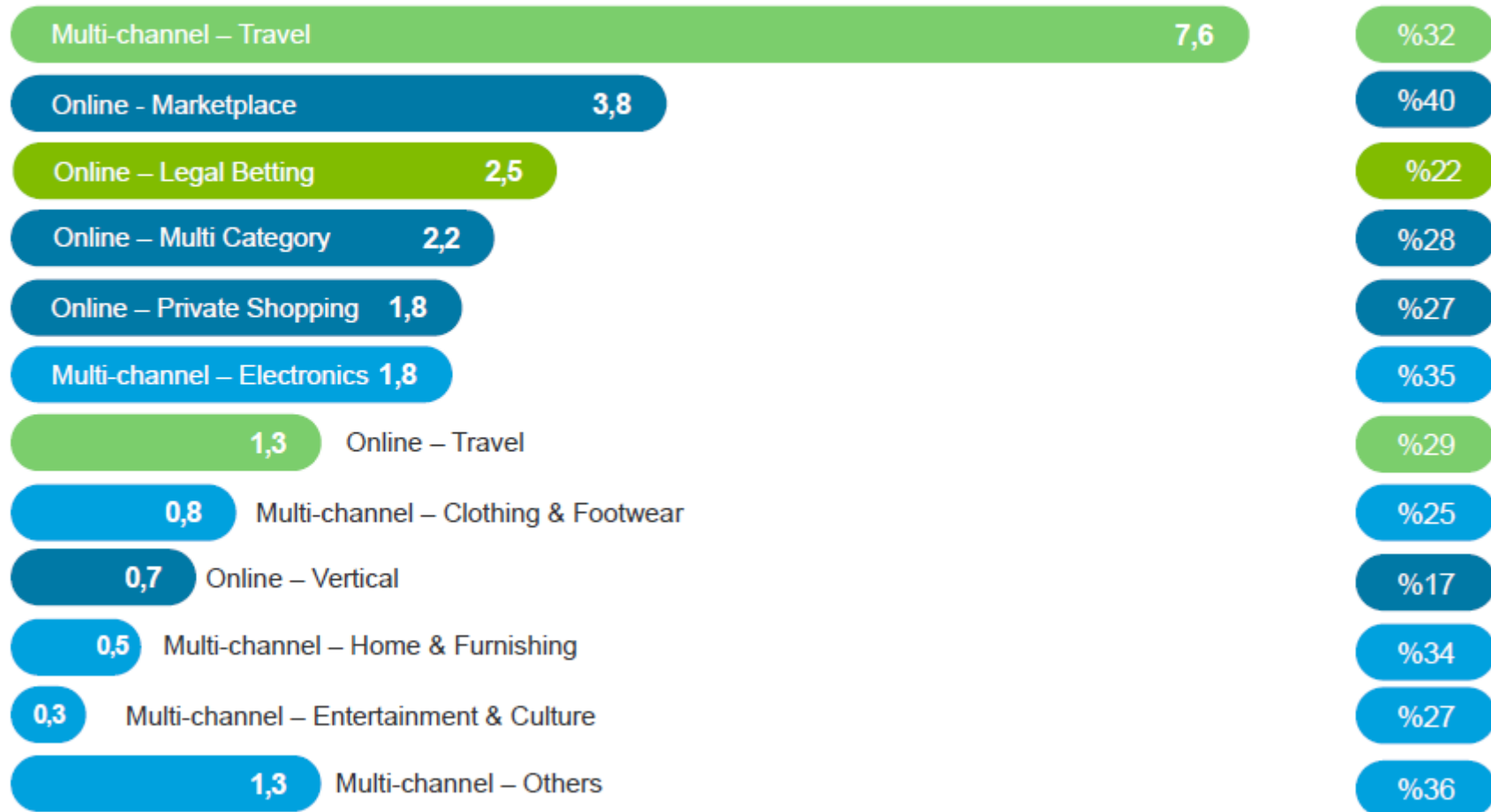
2015

E-Commerce Market Size in Turkey by Category



TRY (bn)

Category YoY Growth Rate



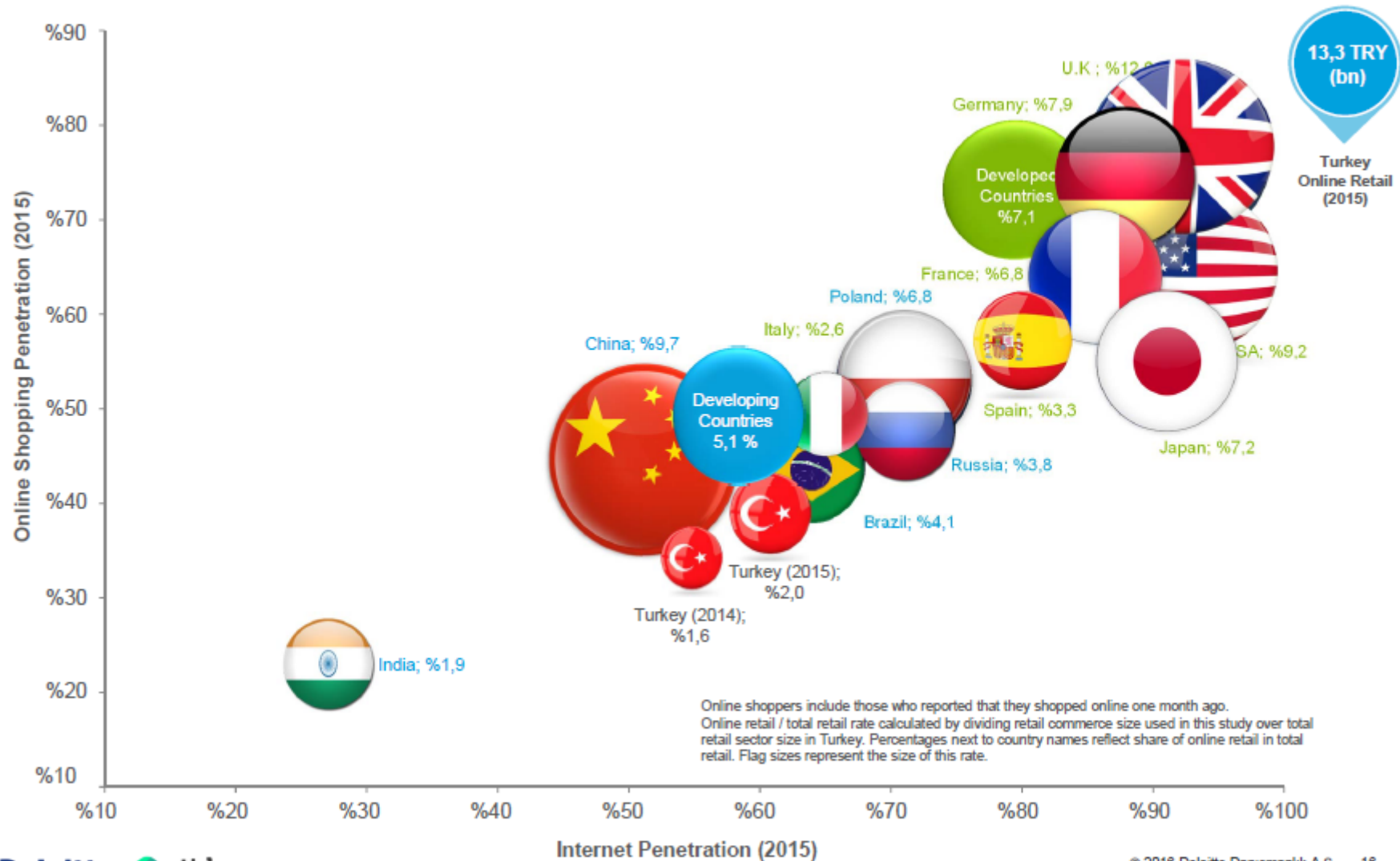
*Figures exclude VAT. Totals may not add due to rounding

E-Commerce Comparison (2015)

	Country	Online Retail / Total Retail	Internet Penetration	Mobile Broadband Penetration	Online Shoppers	Mobile Shoppers	Income per capita K USD	Population (mn)
Developed Countries	U.K	12,6%	92%	79%	77%	27%	41,2	65,1
	USA	9,2%	88%	88%	66%	26%	55,8	323,7
	Germany	7,9%	88%	71%	74%	20%	46,9	81,8
	France	6,8%	86%	74%	64%	16%	41,2	66,7
	Japan	7,2%	91%	98%	55%	13%	38,1	127,0
	Spain	3,3%	80%	69%	57%	27%	34,8	46,4
	Italy	2,6%	65%	70%	49%	23%	35,7	60,8
		Average %7,1						
Developing Countries	China	9,7%	51%	62%	44%	34%	14,1	1.376
	Poland	6,8%	71%	65%	53%	20%	26,5	38,4
	Brazil	4,1%	64%	73%	44%	21%	15,6	206,2
	Russia	3,8%	71%	41%	48%	15%	25,4	146,6
	India	1,9%	27%	15%	23%	17%	6,2	1.289,7
		Average %5.1						
	Turkey – 2014	1,6%	54%	42%	33%	19%	19,7	77,7
	Turkey - 2015	2,0%	62%	50%	39%	24%	20,4	78,7

Income per capita calculated based on purchasing power parity. Online shoppers include those who shopped online one month ago. Online retail / total retail rate calculated by dividing retail commerce size used in this study over total retail sector size in Turkey. Sources: EIU, Euromonitor, Statista, IMF, Global Web Index Q1 2016, InternetLiveStats Q4 2015, TUIK and Deloitte analysis, data from 2015. Internet penetration in Turkey derived from BTK and calculated by total subscribers divided by population. Mobile broadband penetration consists 3G and 4G subscribers, data is gathered from GSMA Intelligence for other countries and BTK for Turkey. Mobile shoppers calculated considering Internet users who shopped online one month ago 2016 Q1.

E-Commerce Comparison (2015)



Key Takeaways as of 2016

- Revenue in the "eCommerce" market amounts to mUSD 6,885.1 in 2016. With a market volume of mUSD 313,980.5 in 2016, most revenue is generated in the United States.
- Revenue is expected to show an annual growth rate (CAGR 2016-2020) of 13.60% resulting in a market volume of mUSD 11,467.7 in 2020.
- The market's largest segment is the segment "Consumer electronics & physical media" with a market volume of mUSD 2,698.0 in 2016.
- User penetration is at 56.96% in 2016 and is expected to hit 71.80% in 2020.
- The average revenue per user (ARPU) currently amounts to USD 206.85.
- The number of users is expected to amount to 44.3m by 2020.
- Source: <https://www.statista.com/outlook/243/113/ecommerce/turkey#>

- **Strengths and Opportunities as to e-Commerce Regulations**

Main Responsible Body for e-Commerce



Regulatory Approach of the Ministry of Customs and Trade

- E-Commerce Department of the Ministry works with «Multistakeholder Governance» Model

Weaknesses and Threats as to e-Commerce Regulations

- Fullness of regulatory bodies
 - There is more than one regulatory body regarding e-commerce in Turkey:
 - The Ministry of Customs and Trade (main responsible body)
 - The Ministry of Finance (e-commerce and tax issues)
 - Information and Communication Technologies Authority (Internet actors and main responsibility regime)
 - Banking Regulation and Supervision Agency

- Lack of effective collaboration and communication between authorities
- Overlapping and convergence of regulations and authorities

Paypal's Turkey Exit



LAW ON PAYMENT AND SECURITY SETTLEMENT SYSTEMS, PAYMENT SERVICES AND ELECTRONIC MONEY INSTITUTIONS dated 2013, Law No: 6493

English Text:

http://www.bddk.org.tr/WebSitesi/english/Legislation/129166493kanun_ing.pdf

First text of the Law in 2013 was stating that:

- ARTICLE 23 – (1) The system operator, payment institution and electronic money institution shall keep the documents and records related to the issues mentioned on this Law for a period of minimum ten years at a safe place offering access anytime desired **in the country**. The system operator, payment institution and electronic money institution **shall keep the information systems used for conducting the activities and their backups within the country**.

- Article 23/(1) has been amended on 27 March 2015. One sentence added to paragraph 1 stating that
- *«the procedure and principles regarding information systems used for conducting activities of the system operator, payment institution and electronic money institution to be determined by the Banking Regulation and Supervision Board»*

- Communique on the Payment and Security settlement systems, payment services and electronic money institutions indicates the same obligation too:
- *Restrictions concerning information systems*
Article 16 – (1) It's compulsory for all institutions to keep both primary and secondary information systems within the country.

Overarching Tax Approach of the Ministry of Finance

- There is an omnibus bill currently before the Parliament which contains a specific provision as to stamp tax duty and states that:
- «distant sales contracts are subject to stamp tax duty afterwards»
- Normally there is an indemnity regarding distant sales on stamp tax duty.

- **Food for thoughts**

- Global e-commerce platforms
- Exchange experiences
- Creating borderless e-commerce and eliminating market entrance barriers
- Giving adequate level security and trust for the customers
- Convergence of regulations and regulatory bodies

Thank you!

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