

## Parallel Activities of ASEAN-BAC 2019

### ASEAN MSMEs in the Digital Era: Challenges and Opportunities ON 5 SEPTEMBER 2019, BANGKOK, THAILAND

At the emergence of the Fourth Industrial Revolution (4IR), ASEAN is undergoing a transition marked by the rapid adoption of technology. ASEAN is expected to see rapid increase the adaption of technology which would contribute to the growth of its digital economy. The digital economy is a key factor driving the growth of the region's economy. Recently, studies have pointed to the potential of MSMEs as the growth of engine of the digital economy in ASEAN, if they can unlock their potential by adopting technology and innovation to enhance business performance and competitive advantage. The structural collaboration between public and private sectors as well as academic and civil society through capacity building programmes is envisaged to increase awareness and readiness of MSMEs to navigate the digital economy.

In the meantime, MSMEs are necessitated to access finance, technical support, and an enabling environment for their sustainability and growth. The financing and technical support options currently available to MSMEs in the region range from traditional finance as bank loans to alternative finance such as crowdfunding and impact investing. These enabling factors can help MSMEs overcome barriers to their growth and expansion. But it is in need for MSMEs to harness advanced technology and digitalization in order to access global markets and supply chains. Moreover, it also requires the development of ecosystems that will enable traditional sources of credit to expand their services to MSMEs and the establishment of regional digital trade platforms to promote financial innovation.

#### Objectives

- Harnessing digital technologies for business operation and digitalization, through technology adaptation and innovation
- Enhancing public-private partnership for MSMEs mentorship, information and technology dissemination, market and financial access
- Addressing the most difficult challenge facing MSMEs, which is access to finance and obstacles to MSMEs financing from the source of capital through traditional financial institutions
- Creating ecosystems for MSMEs sustainable access to traditional and innovative finance and bringing MSMEs finance to the digital era

