

VIETNAM'S DIGITAL ECONOMY TO HIT 52 BILLION USD BY 2025

Vietnam's digital economy will likely reach 52 billion USD in value by 2025, according to the e-Conomy SEA 2019 report by Google, Temasek and Bain & Company.

With the gross merchandise value (GMV) of its internet economy accounting for over 5 percent of the country's GDP in 2019, Vietnam is emerging as the most digital of all economies in the region, the report said.

Last year, the Vietnamese internet economy continued to record double-digit growth, at 16 percent year-on-year, the highest in Southeast Asia.

The report noted all sectors except travel continued to grow in 2020, of which transport and food, and online media grew 50 percent and 18 percent compared to 2019. Only online travel dropped 28 percent in terms of GMV, but is expected to grow 25 percent by 2025.

“This year's seismic consumer and ecosystem shifts have advanced the internet sector in unimaginable ways, putting it in a stronger position than ever,” the report said.

Nguyen Quang Dong, Director of the Institute for Policy Research and Communication Development, said digital service industry is recording the fastest growth and is suitable with Vietnam's strengths such as a young population who love technology and social networks.

Digital technology and the digital economy will be key drivers helping Vietnam increase workplace productivity, escape the “middle-income trap”, and realise the objective of be-

coming a middle developed economy by 2040, the official said.

Vietnam's internet infrastructure and digital payment services remain limited, however, while the country still lacks a legal framework for digital assets, he said, stressing that the legal model of the 20th century no longer suits the digital economy.

Dong also underlined the need to promote international cooperation, especially in joining the building of new regulations and their enforcement through legal frameworks for the region.

A study by the Institute for Global Leadership under the US-based Tufts University revealed that Vietnam ranks 48th out of the 60 countries and territories globally in terms of rapidly switching to a digital economy, and 22nd in digitisation development.

Over the last five years, with the boom of smartphones, the internet, and social networks, digital technology and digital transformation have developed rapidly in Vietnam, shaping a fledgling, dynamic digital economy with great potential.

Vietnam's digital economy is made up of four main groups: e-commerce, online tourism, digital communications, and logistics technology.

The country, together with Indonesia, holds the lead in digital economy growth in Southeast Asia. The two pacesetters are both posting growth in excess of 40 percent a year.

Vietnam's internet economy is also booming, reaching 12 billion USD in 2019 and recording a 38 percent annual growth rate since 2015.