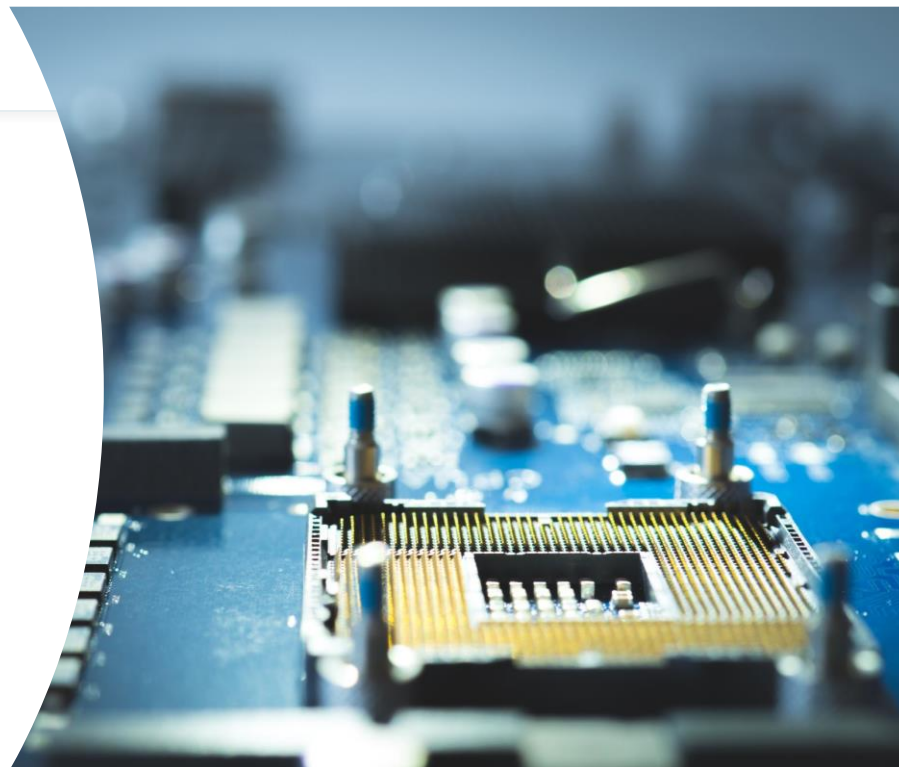




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CENTRE FOR POLICY STUDIES

Digital Challenges and Opportunities of Agricultural Input Suppliers in Cambodia

**Presented by Chan Sophal,
Executive Director, CPS**



Research Methodology

- **Research Questions:**

- What is the current status of adoption of digital payment and e-commerce amongst agricultural input suppliers?
- What are critical challenges and opportunities for agricultural input suppliers to adopt digital payment and e-commerce?

- **Data collection method:**

Phone interview: Registered agricultural input companies

Survey: agricultural inputs suppliers
(wholesalers/distributors)

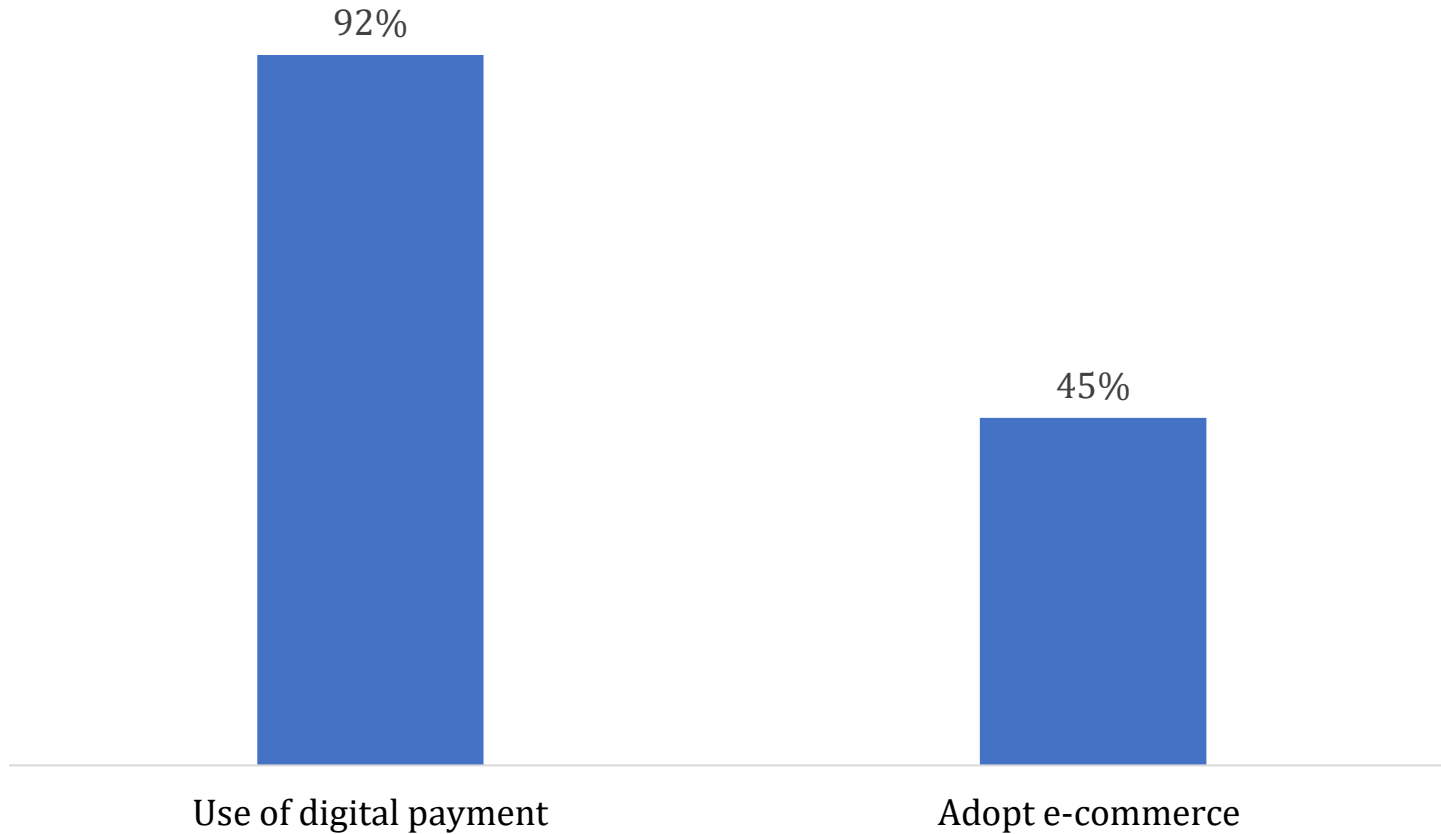
Phone interview

- Total: 107 registered firms (MAFF: 2018)
- 27 firms/107, contacts not found
- 40/107 firms were interviewed
- 13/107 rejected interviews

Survey

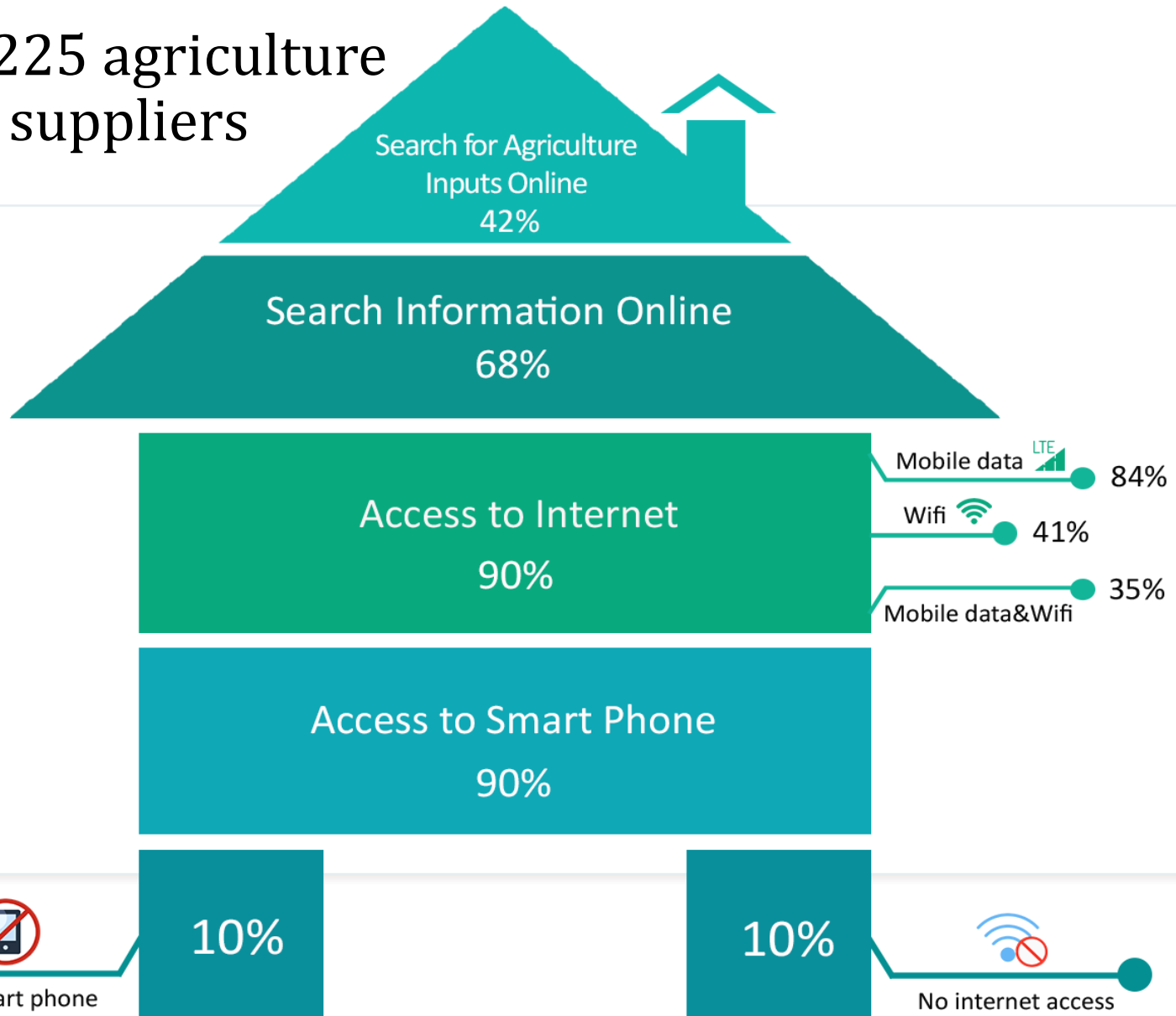
- 225 agricultural input suppliers were interviewed in 6 provinces (Battambang, Tboung Khmum, Siem Reap, Prey Veng, Kandal and Takeo province)
- Radom sampling method was applied for data collection

Adoption of digital payment and e-commerce [n=40]

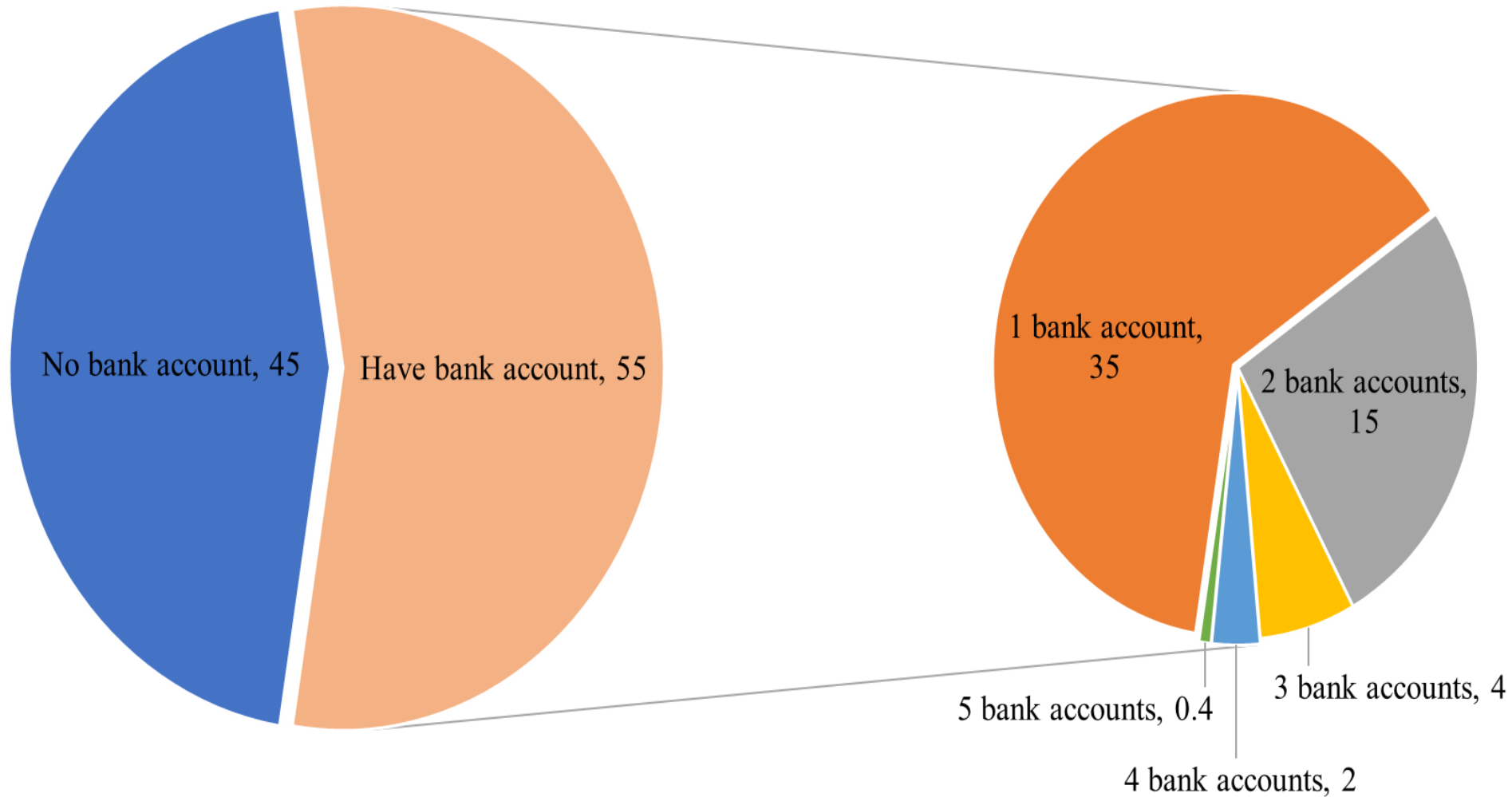


Adoption of digital payment and e-commerce by companies supplying agriculture inputs

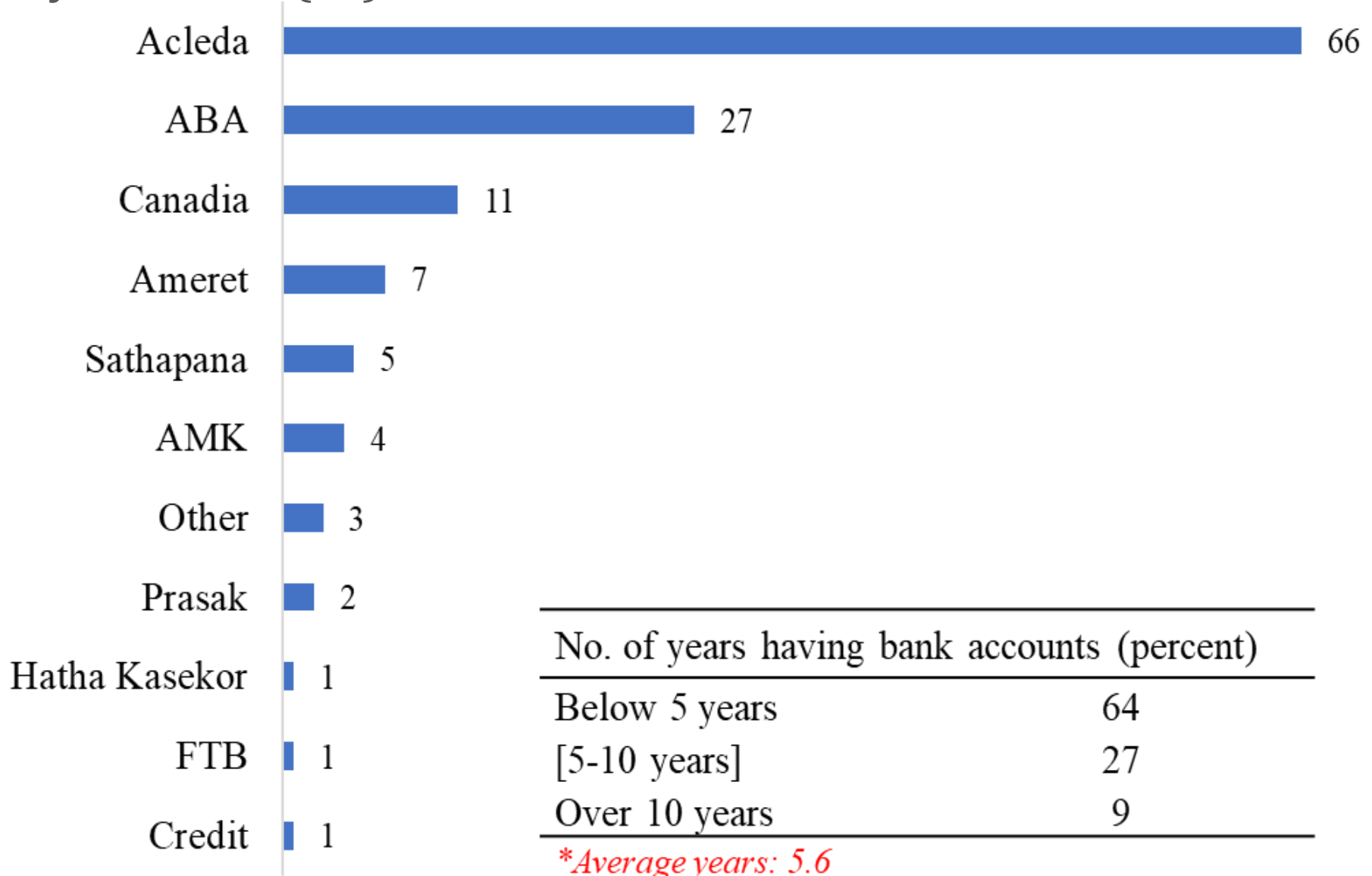
% of 225 agriculture input suppliers



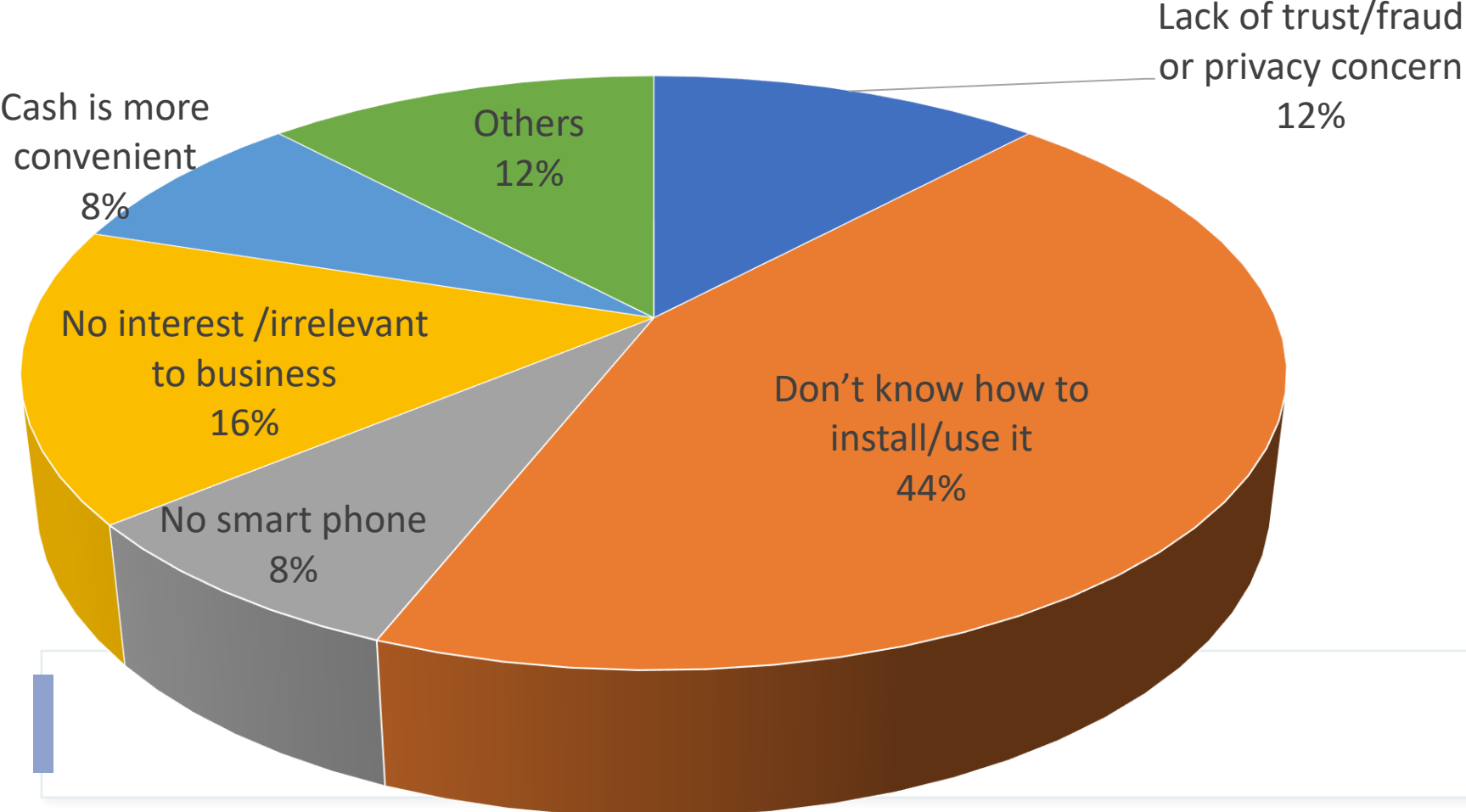
Use of bank accounts by 225 AIS (%)



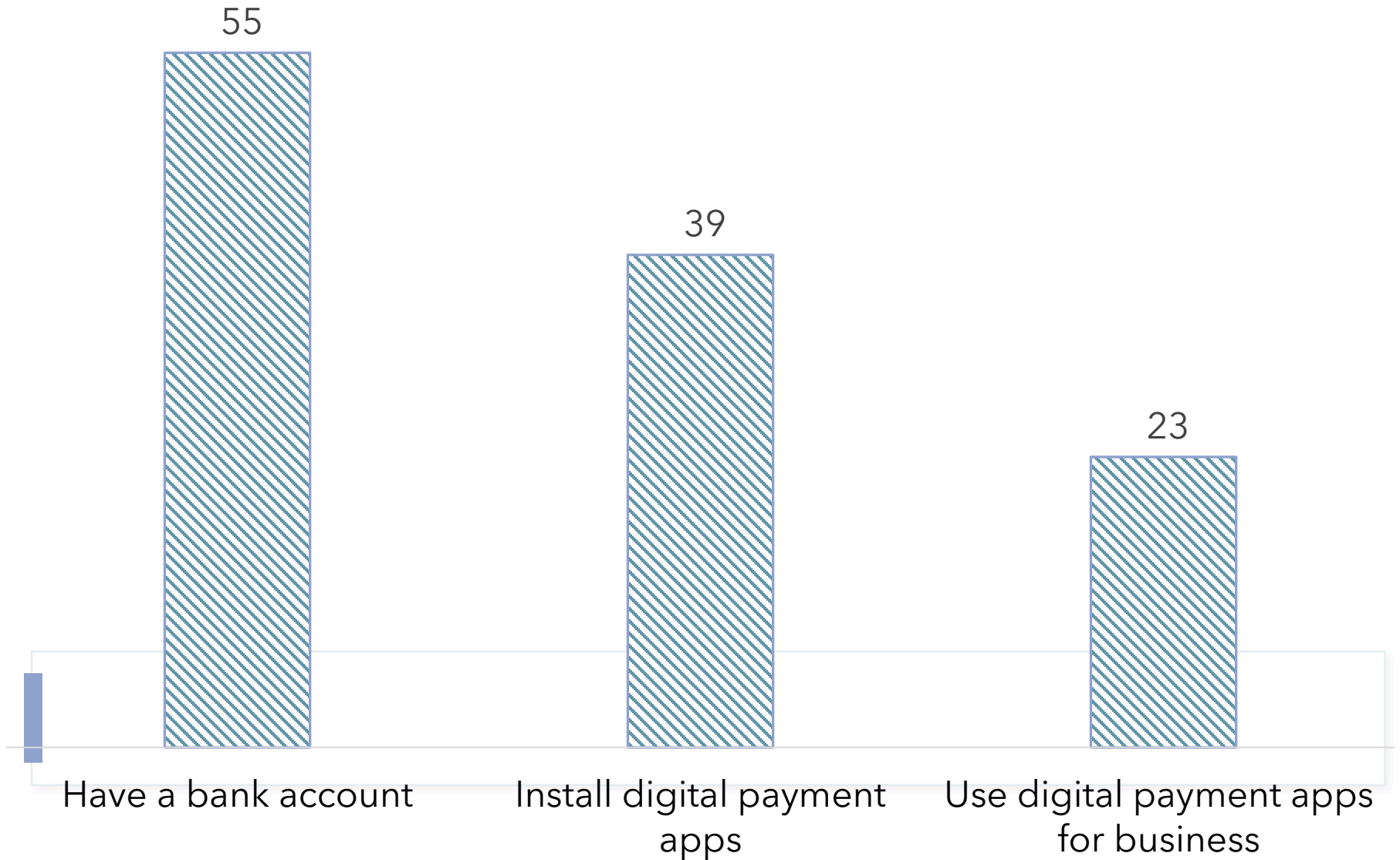
Access to banking service and digital payment apps by 225 AIS (%)



Reasons for not installing digital payment apps (% AIS)



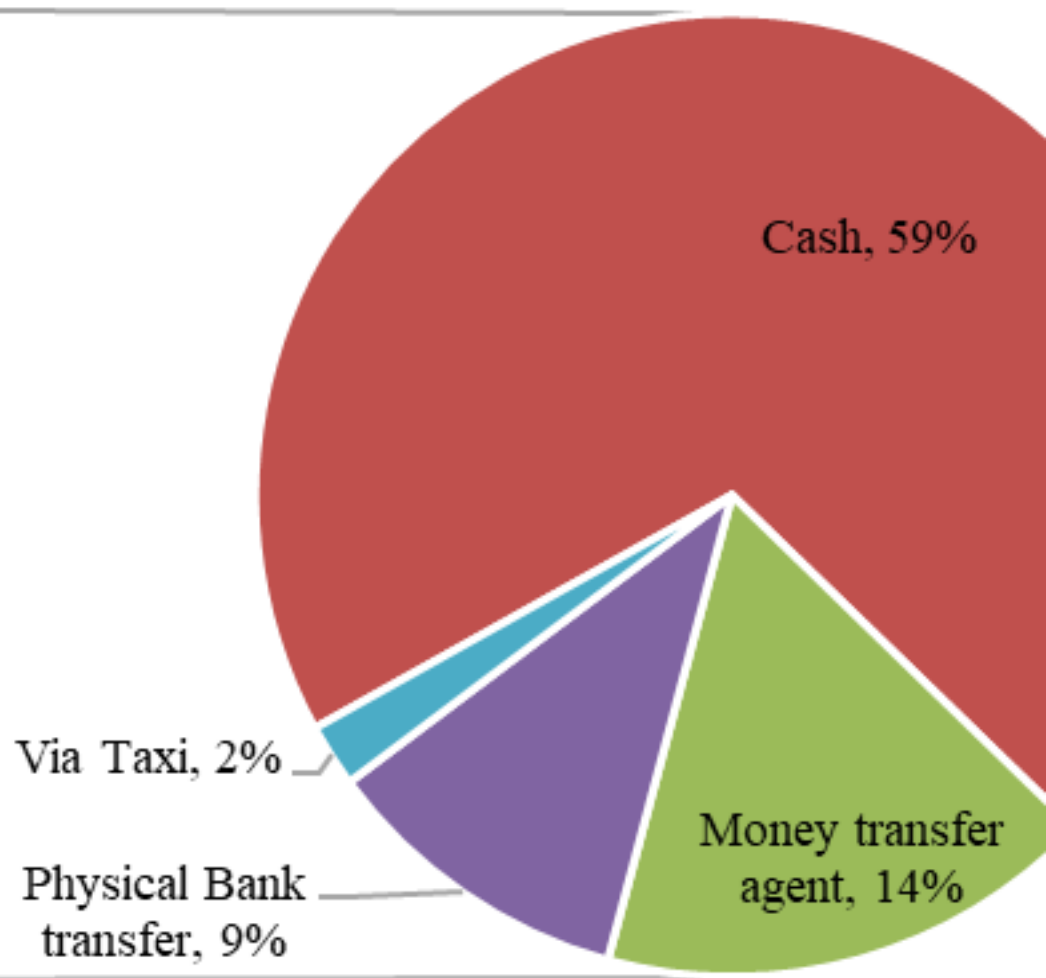
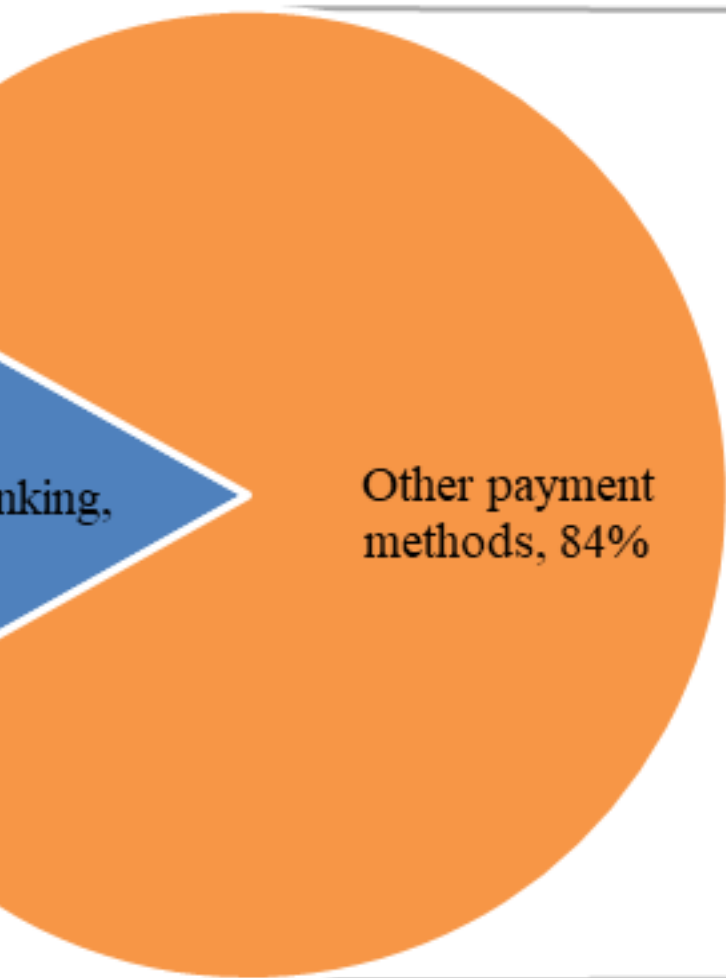
Adoption of digital payment in business



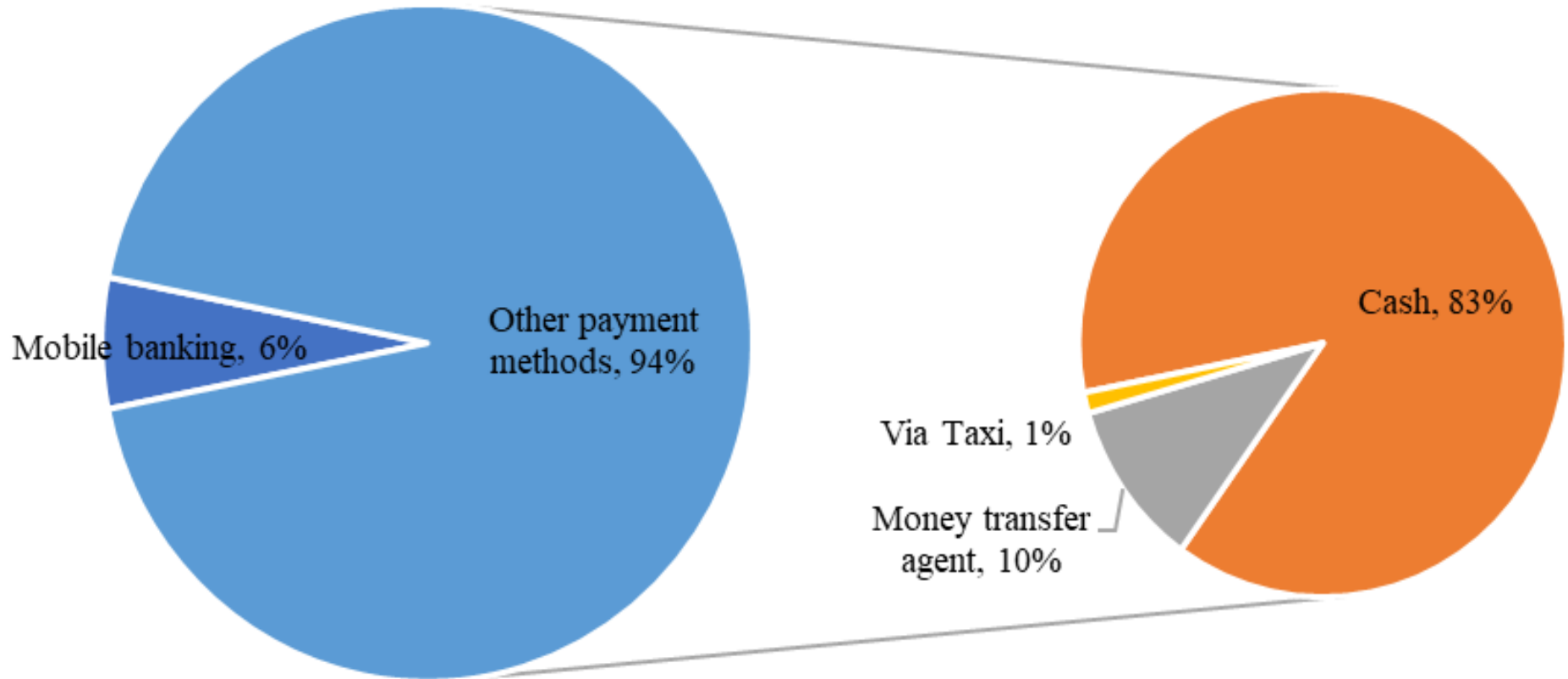
App functions and frequency of mobile banking apps used for business transactions by percentage of surveyed AIS

Frequency of mobile banking app used by surveyed AIS	%
▪ Always	6
▪ Frequently	39
▪ Sometimes	26
▪ Rarely	29
App functions used last month by surveyed AIS	%
▪ Check bank statement/ transaction	90
▪ Bank transfer to own account/ any bank accounts	74
▪ Mobile top-up	61
▪ Settle bill payments	14
▪ QR payment	12
▪ Online purchase	29

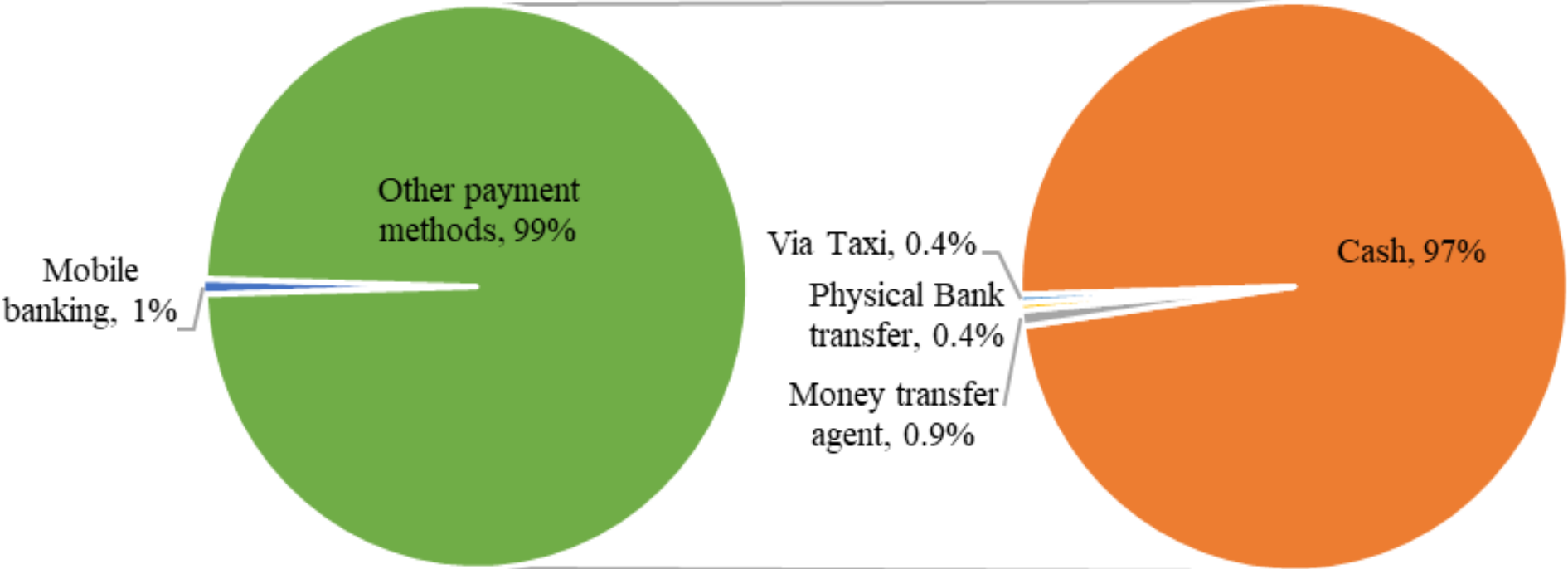
Payment methods of Agricultural Input Suppliers (AIS) with **supplying companies**



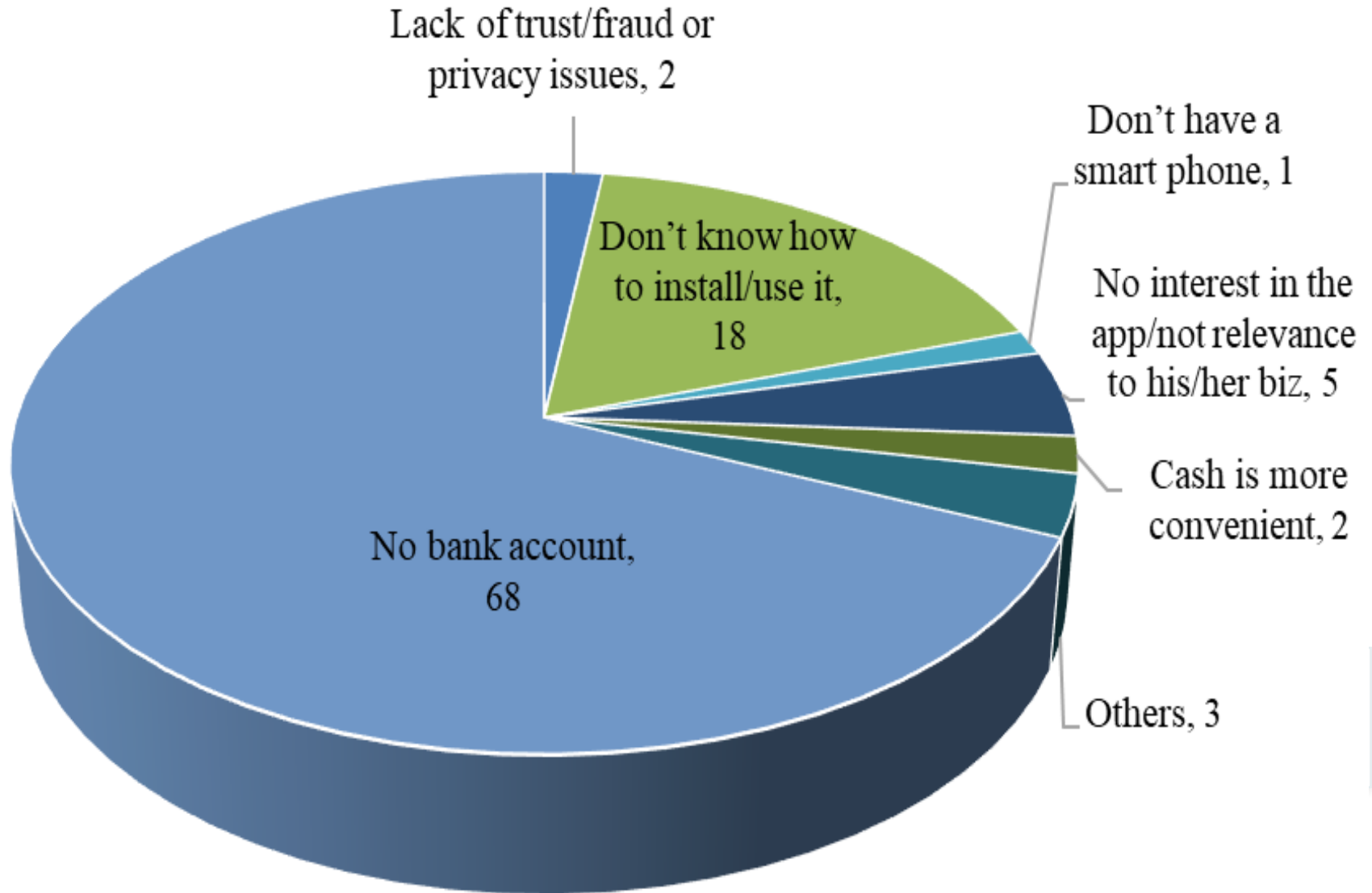
Payment methods of AIS with **retailer** clients



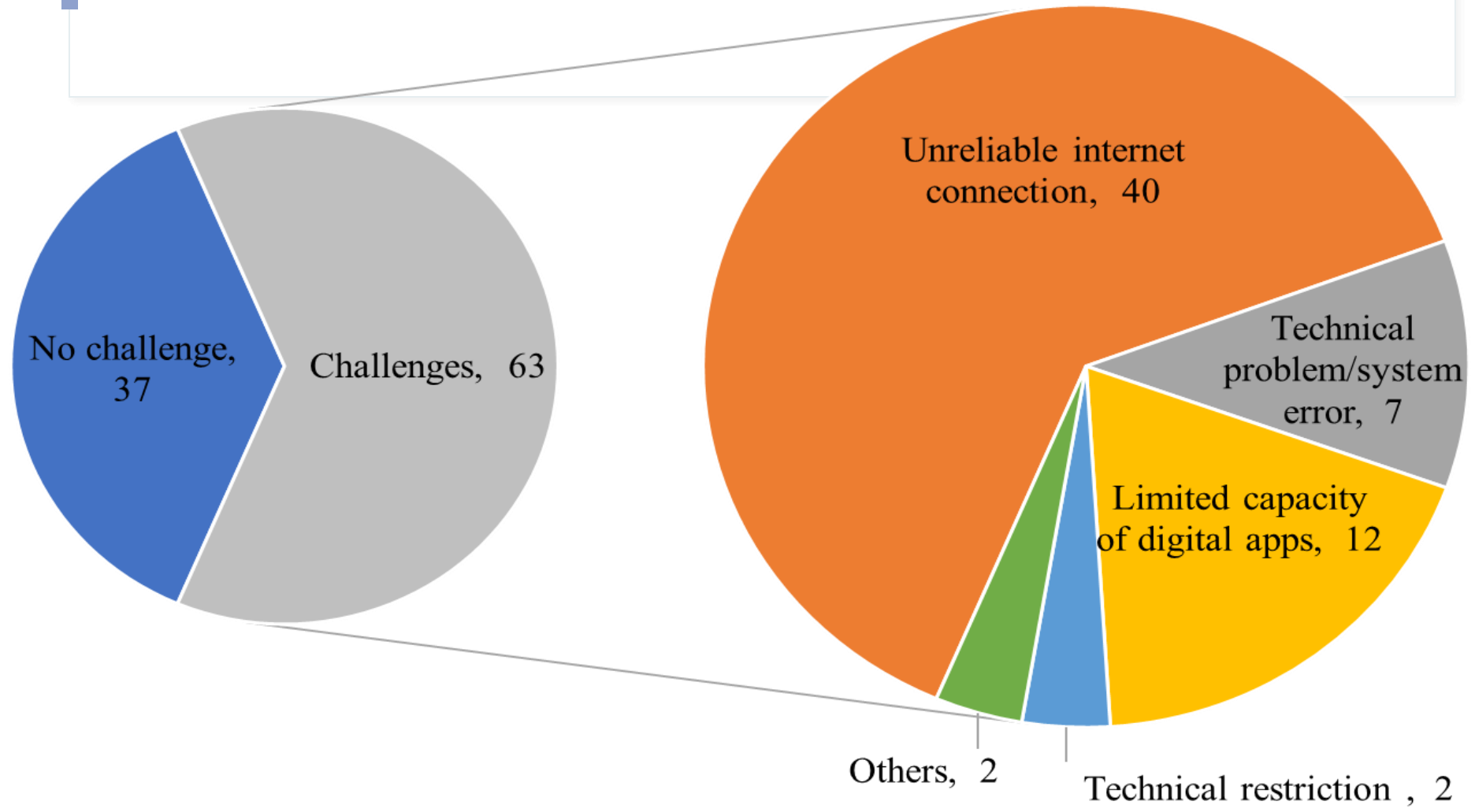
Payment methods of AIS with farmer clients



Reasons for not using digital payment apps among surveyed AIS (percentage) among the 45% of AIS who do not have such apps.



Major challenges for using digital payment for business by percentage of surveyed (among the 55% AIS)



Adoption of E-commerce practice

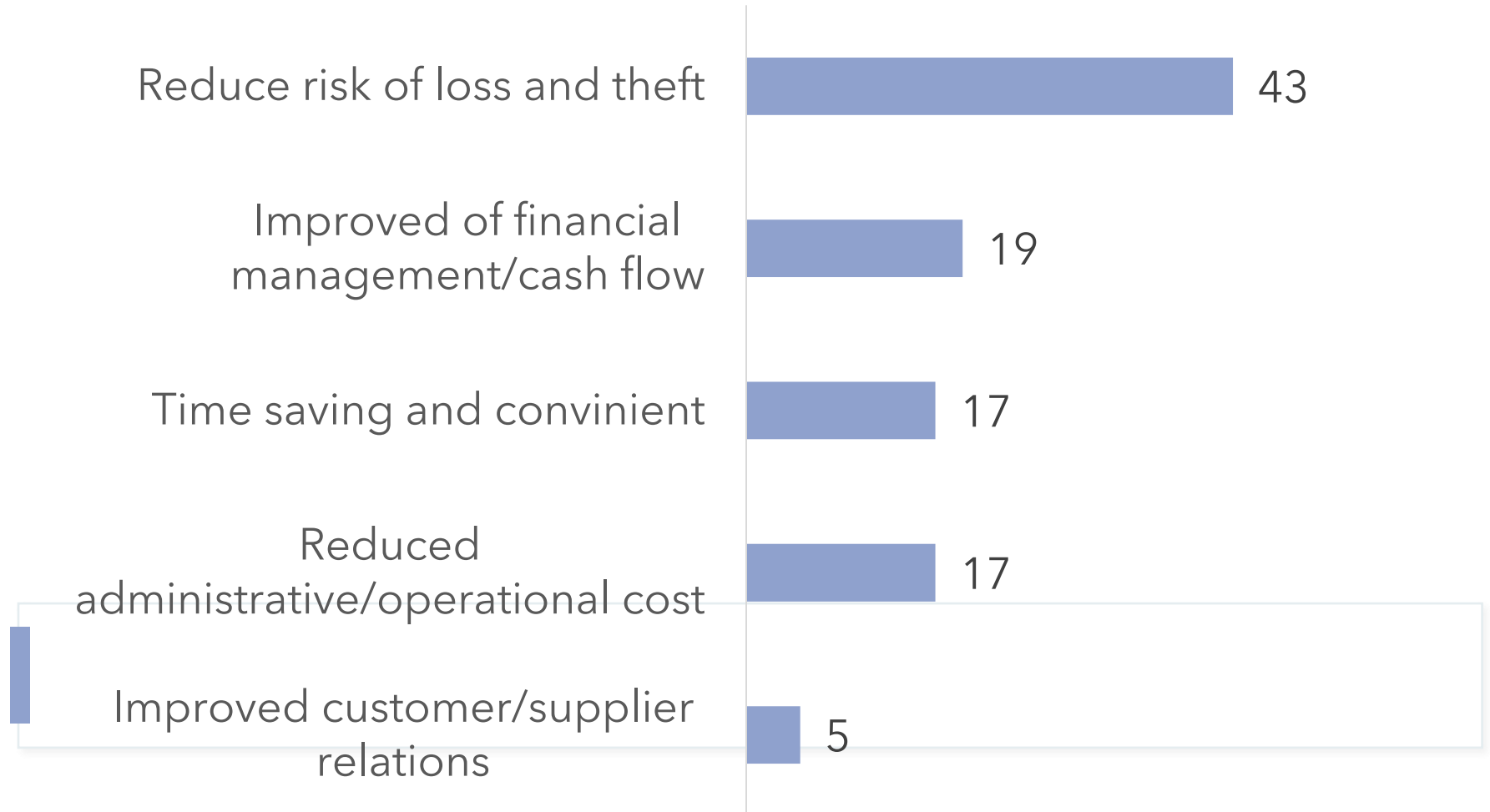
- 15 out of 225 surveyed AIS (7%) reported adopting e-commerce in their business operations.
- Facebook is the only means for marketing communication and online sale
- Only 3 out of 225 respondents have a website
- None of them reports any profit sale from e-commerce, but hopes to gain more sale and trust from clients in the future

Technical/operational challenges hindering AIS from adopting e-commerce of surveyed AIS (Percentage)

Technical/operational challenges (percent)	
▪ No/lack of technical staff or knowledge of e-commerce	61
▪ Lack of trust in e-commerce	23
▪ Lack of trust in digital payment	5
▪ Others	4
▪ Development of the website/mobile app is costly	2
▪ Poor internet service	2
▪ E-commerce is not relevant to business	1

Perception of AIS on e-commerce	Agree	Disagree	Don't know
▪ E-commerce will fundamentally change the way you do business in your industry in the next 3 years.	44%	33%	23%
▪ E-commerce will improve your company's ability to manage inventory system.	35%	38%	27%
▪ Distribution (logistics) issue will limit the sale of your company over the internet.	38%	49%	13%
▪ Farmers are willing to buy products/services on the internet.	15%	65%	20%
▪ Farmers are willing to use digital payment for product/service sales.	17%	60%	23%

Opportunities/Benefits for Using Digital Payment as Perceived by AIS (%)



7. Conclusion and recommendations



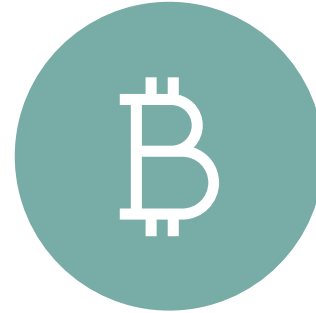
Conclusions



Internet infrastructure has been improved and digital payment services are available for users in the surveyed provinces that are conducive for AIS to adopt digital technology for their business operation.



Awareness of laws on e-commerce and consumer protection policies are limited among AIS. Facebook is the only means for them to apply for marketing communications.



However, cash-based practices and the limited digital literacy of AIS and their clients especially farmers hinder them from using digital payment for their transactions.



Nature of the business is not favorable for e-commerce credit and the needs for services from AIS.

commendations



Business raising
digital literacy,
laws on e-
commerce and
trust amongst
farmers



Engage private
sector especially
app developers to
work directly with
AIS and farmers.
(ex: AMK)



Improve law
enforcement to build
trust on digital payment
and e-commerce
especially create fair
playing fields for all
enterprises (including
informal enterprises)



Invest and promote
incubator and acceleration
programs for aspiring and
current entrepreneurs and
innovators. These programs
will nurture new start-ups
in tech innovation
especially those in digital
financial service and e-
commerce sectors



Improve support
services especially
logistic services
e-commerce