

# Myanmar's New Online Sales Business Registration Order: A SURVEY OF E-BUSINESSES

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# KEY FINDINGS

- Myanmar's Ministry of Commerce announced that as of January 2024, the Online Sales Business Registration Order would take full effect, requiring all online business to register. After four months since the deadline, however, nearly two thirds (72.9%) of survey respondents stated their businesses had not yet registered.
- 69.4% of the respondents stated that cyber-scams and data privacy risks are a major concern, even though most have not experienced a problem first-hand. Among 17 respondents who had personally experienced some sort of cyber-fraud, only three reported it to the authorities. The others stated that they didn't report it because they thought it would be too difficult or unproductive, or because they didn't know how to do so or whom to contact.
- Online business owners have little trust in current laws and regulations to safeguard their online business interests. Nearly 70% of the respondents expressed "not at all confident" and "not very confident" in the existing laws.
- Small business owners and staff are not well informed about the registration process or the value of registering. There is a need for a clearer articulation of the policy's support for businesses, information about registration, increased confidence in legal protection, and better communication about available resources for addressing and protecting against cyber-crime and fraud.

# INTRODUCTION

Formalizing online businesses can positively contribute to a nation's economic development, through building public trust in e-commerce, creating a larger tax base, and improving data, amongst other benefits. But mandating registration without also implementing a broader strategy and ensuring a supportive environment can instead result in businesses either closing or operating outside the law, which in turn opens them to numerous other risks and represses growth of the sector. The potential negative repercussions can be even greater in a context of economic and political uncertainty, as is currently the case in Myanmar.

In January 2024, the Online Sales Business Registration Order took [full effect](#), requiring all e-businesses in Myanmar to be registered with the Ministry of Commerce (MoC). Months later, many small and micro enterprises have still not completed the registration process.

To better understand the public's thoughts about this Order, we conducted a survey of people operating e-businesses in Myanmar. This paper<sup>1</sup> will provide survey data from e-commerce micro-enterprises in Myanmar regarding their perceptions about the e-commerce related regulations, the risks they face, their concerns, and their motivations for complying or not complying with the MoC regulatory guidelines.

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<sup>1</sup>This paper is a part of the research projects by the US ICT Council for Myanmar. The findings and analysis do not necessarily reflect the views of the Council or of its members.



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# The New E-commerce Regulations



On 21 July 2023, the MoC issued the “Order for specifying online sales business as an essential service.” On the same day, under notification number 51/2023, they also issued the [“Online Sales Business Registration Order”](#) (the Order). Chapter 1, Section 2 (a) of the notification 51/2023 stated: “Online Sales Business means providing service by sale of goods or services through an online system.”

On 5 September 2023, the MoC published a lengthy document to explain the Order, entitled the [“E-Commerce Guidelines.”](#) According to the guidelines, which include 99 Clauses (the Clauses), all e-businesses must register in the online registration system managed by the MoC and comply with the all other provisions. The guidelines include requirements such as, [“sellers through their website must provide a way to make a contract with the buyer and consumer, and sellers from social networks \[Facebook\], must also make a contract in some way,”](#) and other clauses that are broad and not accompanied by clear or detailed instructions.

Furthermore, some sections are challenging to follow since other new legislation that was implemented to address the broader political context is being applied to e-businesses even when it is not a direct fit. For example, Chapter (11), Clause 74 states that to improve consumer protection, the data provided by e-commerce business owners can be interpreted by the existing Electronic Transition Law (2021 Amendment) and Protection of Privacy and Security of Citizens Law (2021 Amendment). In the post-2021 context, these laws have on occasion been used to justify restricting citizens’ freedom of information and privacy. In the case of the E-business Order, if mobile banking account holders, including small e-business owners using mobile money suppliers for their transactions, fail to provide suppliers with [“a photograph and video of their face, a copy of their national identity card, and their mobile phone and SIM card numbers,”](#) they can be liable for consequences under those other laws, resulting in unintentional non-compliance with the Order and exposing e-business owners to legal risks they do not know even apply to them.

# The Survey, Method of Data Collection, and Limitations

This survey attempted to capture participants' knowledge, experiences, and perceptions about the registration process and related cybersecurity issues that the Order purportedly intends to address. In the survey form, there were 16 questionnaire items. The survey question set can be accessed [here](#). It was conducted **between April and June 2024**.

The snowball sampling method was used to collect data for this paper. The Google survey form was distributed firstly to a few initial participants then additional participants were identified through referrals from these initial participants. Generally, the snowball sampling technique is employed to grow the sample size as the data collection process continues.

Since any online data dissemination can be criminalized by the mis-application of the [Electronic Transactions Law \(Amendment, 2021\)](#) in the post-2021 context, this research gathered responses through a specific network of people. This approach aimed to minimize the risk of attracting unnecessary attention and scrutiny, but also led to a limited sample size. The sample may not reflect the overall perceptions of all e-businesses in Myanmar. The data interpretation, however, was done with caution to recognize the potential limitations and challenges inherent in generalizing findings from a small sample to the broader population.

The survey collected data from 85 participants of different genders (30.6% men, 64.7% Women, and 4.7% LGBTQ) and age groups who are either small business owners or staff of e-businesses, and a few who identified themselves as e-consumers. The highest numbers of respondents are from retail and wholesale business (38.2%) followed by education and training services (30.3%). 30 % of the respondents conduct their e-business independently with no other employees, and 37.5% with one to five employees. 15% of the respondents represent businesses with more than 20 employees.





# Findings

67.1% of respondents earn less than 25% of their household income from their online business, while 23.5% earn about half their income from them. When asked about what the impact of closing down their online business on their household income would be, nearly half of the respondents (47.1%) stated that there would be a small change in their household income. In contrast, 14.1% of respondents indicated that closing their online business would have a substantial effect, and 7.1% stated it would have a devastating effect on their household income. These findings (Figure-1) demonstrated the varying degree of dependency on online business for household financial stability among respondents.

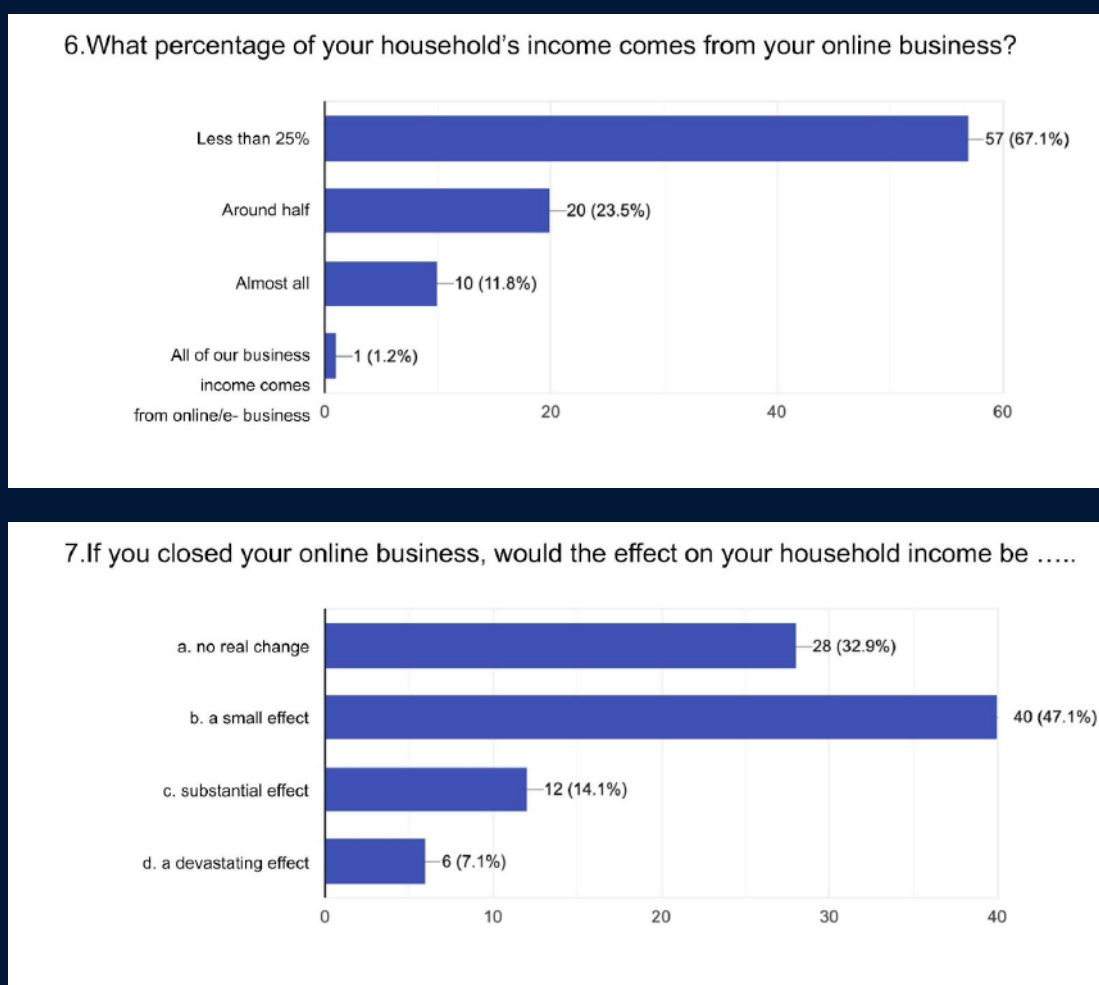


Fig- 1 & 2: Household Income from Online Business and Impact of Business Closure

According to the survey, 72.9% of respondents stated their businesses had not yet registered. Among the reasons provided, 37.2% of respondents indicated the key cause as, "I don't know how to register," and 23.3% responded, "I do not have time to register." 4.6% of respondents expressed, "I do not want to register" and "Don't want to register under the SAC administration."

For the 24 respondents who had already registered their businesses, their registration methods varied. 14 respondents stated that they completed the registration by themselves; six stated, "I hired an agent to register;" and four indicated, "I asked someone (a friend or a family member) to register." (Figure-2)

No matter the type and size of the business, most respondents (69.4%) stated that “cybersecurity risks, scams, and data privacy risks” are a major concern. This is true even though the majority of respondents (82.4%) have not personally experienced any form of fraud. Of the 17 respondents who have experienced fraud first-hand, only three reported it to the authorities. The reasons for not reporting varied: nine stated that they didn’t report it because they thought it would be too difficult or unproductive, while five said they didn’t report it because they didn’t know how to do so or whom to contact. (Fig-3)

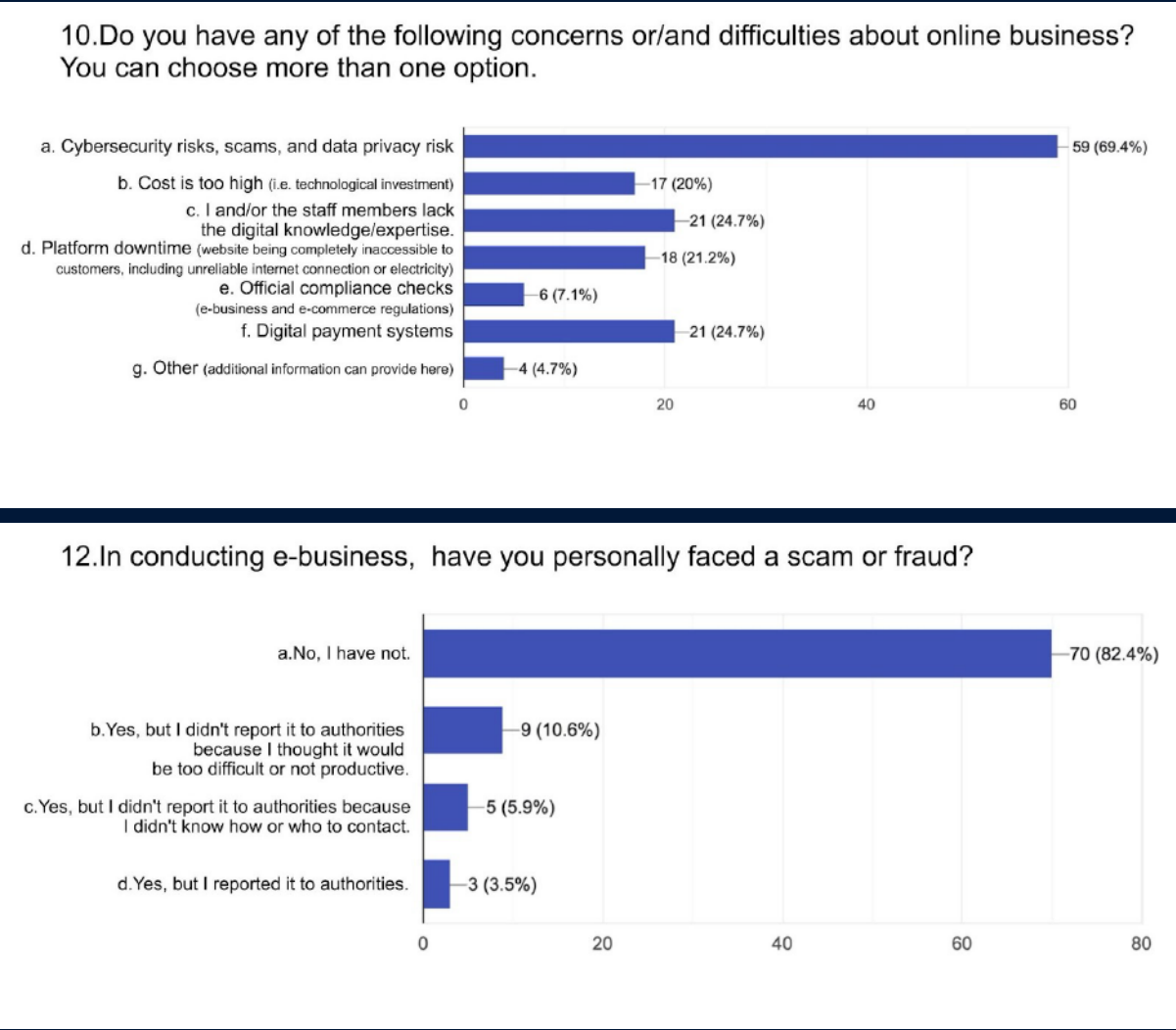


Fig-3: Concerns and Experiences with Online Frauds

Respondents also mentioned factors such as a lack of knowledge and information on how to report, as well as a lack of confidence in the current protection mechanisms (e.g., laws and regulations). For example, in responding to the survey question, “How confident are you that current laws will protect you from problems with your online business?” in a Linkert scale, 47.1% and 22.4% of the respondents expressed “not at all confident” and “not very confident,” respectively. Only 4.7% of respondents expressed that they were “strongly confident” that the current laws will protect them in case of online business problems. (Fig-4)

14. As an e-service provider, e-business personnel, or e-customer, how confident are you that current laws will protect you from problems with your online business?

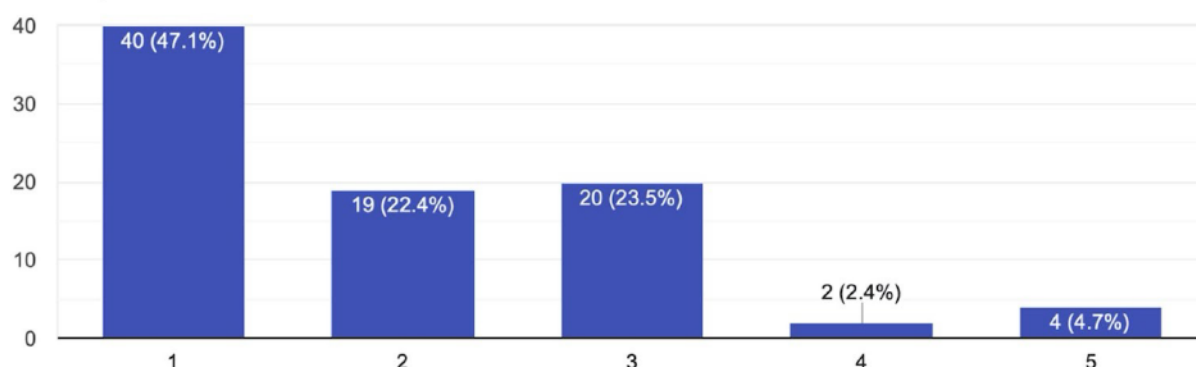


Fig- 4: Confidence in Protection Mechanisms

## Analysis

Drawing from the findings, analysis was focused on three key interrelated areas: concerns about cyber-risks, reasons for non-registration, and confidence in and knowledge of e-commerce regulations. The following sections will delve deeper into the experiences and perspectives of respondents<sup>2</sup> regarding e-commerce regulations to further examine their challenges, concerns, and suggestions.

### 1 E-business owners do not see a connection between cyber-risks and registration, highlighting the need for better communication and education from authorities



*“I work as a staff member at [...]. I often receive phishing messages in my work mail inbox. I reported this to my senior, but no instructions were given to me. I am not sure whether we registered our small business,” Female participant, age 26-35.*

<sup>2</sup> The italicized texts in the boxes are drawn from informal follow-up conversations with a few respondents.





***“Yes, I faced an online scam. Through a Viber chat box, I was offered a part-time online job to subscribe to and share their channels, for which I would receive a small amount of money through KBZPay. They asked for my KBZPay information.”***

***Male participant, age 26-35.***

The survey underscores a gap between e-business owners’ concerns about cybersecurity and their actual practices regarding business registration. Irrespective of the intent of the protection guidelines, and despite a substantial majority (69.4%) of respondents expressing concerns about cybersecurity risks and scams, the survey revealed that most respondents do not consider the registration as a form of protection for them.

This indicates a disconnect between the perceived benefits of registration and the actual concerns of e-business owners, highlighting a need for better communication and education about the protective advantages of registration. Moreover, though they have concerns, many respondents have neither accessed the information provided in the existing e-commerce regulations nor read the protection guidelines. When asked in the survey, “Which regulatory practices are causing you concern?” many respondents could not identify specific practices, indicating a lack of knowledge of the specifics of the Order.

The growing threat in the [news about scam gangs](#) in Myanmar and abroad has triggered anxiety in e-businesses and consumers, and also in the authorities. As a counter against crime and online scams, the [“Consumer protection” section in the guidelines](#) addresses issues such as “fraud and misrepresentation” and “spam/unolicited messages.” But survey respondents see this new order as largely meaningless rather than related to any type of larger cybersecurity effort by the authorities. This perception further underscores the need for improved communication and education to bridge the gap between regulatory intentions and e-business owners’ practices and concerns.

**2**

**E-business owners have limited awareness about the registration process and the provisions of the Order**



***“We sell women’s clothing online. It’s a very small-scale business, only I and my sister run it. No, we neither know nor have read the guidelines. We are not familiar with any kind of online registration process, but, in the 2021 context, we thought it would be safer for us to get our business registered so we used an agent recommended by my friend.”***

***Female participant, age 36-55.***



***“Yes, we conduct online training and classes. However, it's only partially contributing to my income. I don't consider myself as an online business owner.” Female participant, age 36-55.***

The survey findings suggest that small business operators may not be fully informed about the registration process or the importance of registering. The data underscores the need for enhancing educational initiatives and resources to enable entrepreneurs to navigate administrative procedures effectively. Addressing this knowledge gap could contribute to greater compliance with regulatory requirements and unlock opportunities for formalizing businesses.

The MoC's efforts include the launch of [a website](#) providing information on online sales registration. In the “How to Apply” section a simple video clip titled “About e-ComReg Online Sales Registration” is provided. However, some featured sections of the websites are not fully functioning or informative. For example, as of the date of this report, the “About Registration” section only displays the text “Coming Soon,” with no further information provided. Similarly, under the “Announcement” section, although it states that, “Launching of e-ComReg Systems and Information Sharing” ceremony was held in October 2023, no concrete information or links can be accessed under this section.

As such, despite the MoC's directive in the order's “Education’ clause,” which requires e-commerce businesses to conduct consumer awareness raising programs, the MoC itself, along with its website, lacks sufficient information to properly educate registrants. It is apparent that e-business owners cannot bridge their knowledge gap by relying solely on the MoC's website information.

Another issue identified in the survey is that some small business operators incorrectly believe that registration does not apply to them. These individuals use digital platforms, particularly Facebook and Messenger, for income-generating activities such as hosting and conducting online training classes and programs for fees, selling books, and online air-ticketing services. These and any other income-generating online services could fall under the definition provided by MoC: “Online Sales Business means providing service by sale of goods or services through Online system” (notification 51/2023).

This lack of knowledge and misperception could lead to a detrimental consequence. Under the [Section 5 of Essential Supplies and Services Law](#), as of 21 July 2023, persons who are conducting online business without an e-commerce registration certificate will face consequences, including fines of up to USD 238 and imprisonment of a term of six months to three years. The application of this law could have a significant impact on many online small business owners who have not registered.

The survey highlights a critical need for enhanced educational initiatives to bridge the knowledge gap for small business owners regarding the registration process and its importance. The lack of informative content on the MoC's website and the prevalence of misperceptions among e-business owners contribute to this gap.



***“To be honest, I don’t believe there is a trustworthy protection mechanism in place. So, I didn’t report.” Male participant, age 26-35.***



***“If anything happened, where should I report it? To the police station or the ward-level authority of my township? In the survey I wrote ‘police station’.” Male participant, age 36-55.***

A robust legal framework and effective reporting mechanisms for cyber-crimes are crucial for building confidence among e-business owners that could encourage them to adhere to e-commerce regulations. The findings that 47.1% and 22.4% of respondents expressed “not at all confident” and “not very confident” respectively when asked about legal protections, underscore significant concerns regarding legal remedies and reporting mechanisms.

The survey reveals a disparity in knowledge and confidence regarding reporting mechanisms for online problems, with a notable proportion of respondents indicating a lack of knowledge as the reason for not reporting instances of fraud. Consequently, only a few respondents cited the MoC and its offices as a point of contact for reporting online fraud and other digital incidents. The most common response from many respondents was, “Don’t know where to report.”

The findings also revealed that many respondents who experienced cyber-scams or fraud did not report them to authorities. The primary reasons given were a belief that reporting would be too difficult or unproductive, and a lack of knowledge about how to do so or whom to contact.

In the context of Myanmar, public goods have been neglected and inadequately protected by laws and regulations, leading to questions on the role of rule of law. While the number of respondents who answered, “Don’t want to register under the SAC administration” is negligible, such information is significant to understand the nexus between interventions and confidence and may be useful to inform further research.

These findings underscore (a) a significant lack of trust in the perceived reliability and responsiveness of the legal protections available to e-businesses, and (b) the need for improved accessibility to legal resources and education on reporting procedures to enable business owners to seek recourse. Providing simplified reporting mechanisms and enhancing coordination between MoC and its offices and e-commerce providers are pivotal for both improved cyber-security and e-commerce development.



# Conclusion & Recommendations

While the stated goal of Myanmar's new e-commerce policy – to comply with the [ASEAN Coordinating Committee on E-Commerce and Digital Economy \(ACCED\)](#) – is commendable, in practice registering businesses alone will not achieve ASEAN's intended goals. Restrictive procedures and requirements, without adequate public education and a foundation of confidence in the system, are likely to result in damaging the e-business sector while producing little to no positive outcomes. To benefit the e-commerce sector, it is essential to ensure the policy actually enables the e-business sector, inform e-businesses about the registration process and provide comprehensive educational programs, and build confidence in the regulatory framework.

The following recommendations could be helpful to not only improve the registration processes and online systems but also to protect e-business owners and consumers, thereby fostering an enabling e-business environment that can further economic growth for the people of Myanmar:

- **Align policies with the needs of e-businesses:** Ensure that the policy both meets ASEAN standards and is good for e-businesses, and clearly articulate this alignment. Facilitate meaningful public consultation with the private sector and consumers, and provide online discussion sections on the website where e-business owners can actively share their concerns and experiences related to cyber-risks and the registration process. This could enable users to provide feedback for the e-ComReg system so that it better meets the needs of its users.
- **Increase and improve knowledge of the registration process and how it can mitigate cyber risks:** Implement initiatives to increase e-business owners' understanding of the registration process, the rationale for the policy, and the benefits it offers. Provide clear and accessible information and develop educational programs about the importance of registration for mitigating cyber risks and safeguarding business interests. Ensure that the registration process is user-friendly and that information is easy to access and timely.
- **Boost confidence, trust, and knowledge of legal protection from cyber-crimes:** Strengthen efforts to boost e-business owners' confidence and knowledge regarding legal protection and reporting mechanisms. This may involve providing comprehensive guidance on how to report instances of fraud or cybercrime, strengthening legal protections and support channels, and then raising awareness of available remedies. Highlighting cases of successful and positive outcomes can also inspire confidence. Encourage collaboration with law enforcement agencies and industry associations to ensure e-business owners feel supported and empowered to address legal issues effectively and know that action will be taken.



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