Digital Economy in Egypt: The Path to Achieve It

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ABSTRACT

The evolutionary stages for each state are crucial to foresee its fate. After the 2011 revolution events, Egypt suffered from decline in all economic indicators. Nowadays, people live a new age of comprehensive economic reform. This article focuses on studying digital economy as one of the future economic aspects that helps achieving the sustainable development, and how to apply it in Egypt. It illustrates the global development in the digital economy; the current economic conditions in Egypt; the expected contributions of the digital economy to the Egyptian economy; the government efforts exerted towards building a digital economy; and the main elements supporting it.

KEYWORDS

Digital Economy, Egyptian Economy, ICT Sector in Egypt, Sustainable Development in Egypt

INTRODUCTION

The Egyptian economic system depended on the rentier economy for a long time. The government has argued economic policies based on support consumption of people more than the optimal levels for each class, so the consumer should depend on his level of income. Moreover, the government has subsidized foreign importations till the last couple of years in order to earn a political and social advantage. The state ought to focus on increasing productivity and supporting factors of production for domestic producers. When the state focuses on the scaling up of the GDP per capita, the income of an individual will be increased to be able to face the economic fluctuations, without large governmental intervention to support the low and middle-income levels.

Therefore, the state decided to change the previous conditions by economic reform plans in the Presidential era of Al-Sisi that began in 2014. The natural development of economy goes to the best of all aspects that reflect at SNA, so the economic philosophy aims to enhance and develop the economy by social capitalism. The digital economy is considered one of the best economies and a therapy for the weaknesses of the economic system which suffers from distortions in the economic structure. The digital economy is more feasible than traditional economies, and most developing and emerging countries will benefit from it.

The definition of the digital economy is not inclusive; it rather refers to an economy based on engaging the computing, digital technologies, and cyberspace inside the economic structure through digital platforms. Some researchers focused on e-commerce in their definition (Brahima, 2013), but also maybe the digital economy is not confined to an online trade or e-commerce only. Now the technological advancement is going so far ahead, so the digitization of the economic system is the effect of progress. As the Egyptian government has been applying for the economic reform program since 2015, the government has directed more focus on the infrastructure of ICT to suffice Egypt with the requirements of the digital economy. The government seeks to establish an integrated database

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for the Egyptian population to facilitate a lot of other economic issues. The digital economy depends more on Information and Communication Technologies (ICT) as well as industry advancement (Zimmermann, 2000). Egypt has digital activities like:

- E-commerce, (Souq.com, Jumia, etc.)
- Online banking
- Money transfer service by cellular phones
- Mobile taxi services, like Uber and Careem

These digital activities depend on online service request as the only digital part; however, the cash and plastic money are still dominating the payment methods. Actually, these activities are not sufficient to achieve the digital economy; and as Egypt is in the preparation stage for establishing the digital economy to achieve sustainable development, the government ought to catch up with the world digital advancement to achieve the required goal.

THE DIGITAL ECONOMY ALL OVER THE WORLD

The ICT Infrastructure Worldwide

The Advancement of the Digital Economy is Linked Directly to Four Elements

The development in Cyberspace. The global internet usage, one of the cyberspace divisions, is an important medium of exchanging the contents.

The development of software applications which facilitate and provide solutions to challenges, depending on the ICT sector.

The advancement in the hardware or the technological devices, such as:

- The computers or any other devices that include a computer
- Mobile phones
- Any device connected to the internet

The digital activities, such as:

1. E-commerce
2. Online banking
3. Any other activities using ICT to provide services or produce products

The Development in Cyberspace

Internet users have been in continuous increase over the last 10 years and the growth rate of the available services is getting higher (see Table 1, 2).

The Software’s Applications Development

The programmers have expanded to create many types of applications, so the software programmers increased their revenues to $157.6 billion dollars in 2017 and they succeeded to increase the percentage of all global web pages served to mobile phones from 0.7% in 2009 to 50.3% in 2017 (see Table 3).

The Hardware and Technological Devices Development

66% of the global population uses the mobile phone, 34% uses the social media and 22% uses e-commerce. These consumers spend 2 trillion USD and the average annual e-commerce revenue per user has reached 1189 USD in 2016 (Kemp, 2017). That means the big leap in the availability of
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