

Digital Economy

“Digital economy” refers to the use of information technology to create or adapt, market or consume goods and services. Digital novelties include digital banking, e-commerce, virtual education, smartphone apps and collaboration platforms.

The three things about the digital economy

More people are using smartphones, tablets, smart watches and bracelets, and other mobile Internet devices to connect to a global environment, anytime and anywhere. Millions around the world can take part in the digital economy to buy or sell goods and services.

According to US economist and statistician Thomas Mesenbourg in his 2001 paper, three components distinguish the digital economy from the regular economy:

- **Infrastructure.** Businesses have software, hardware and other technological resource, plus specialist human talent.
 - **E-business.** Computer applications, online tools and digital platforms help carry out business processes.
 - **E-commerce.** A familiar concept, e-commerce means the sale of goods and services online.

Advantages of the digital economy

The digital economy is set to carry more weight in the future, as the “Internet of Things”, artificial intelligence [AI], virtual reality, blockchain, self-driving cars, and other technology develop. Some advantages it offers are:

- **Information.** Consumers have more information — not just from manufacturers and firms, but also from other consumers in forums and reviews — to make decisions about goods and services.
- **Proximity.** Direct customer service channels enable customers to resolve queries and issues with a manufacturer or service provider more quickly.
- **Global presence.** With goods and services available anytime and anywhere, companies can enter more markets.
- **Security.** Digital technology, like strong authentication of online payments, makes transactions more secure.

The digital economy is transforming age-old production sectors. Agriculture has already begun to benefit from technological innovations. Mobile apps connect crops to farmers, providing them with real-time updates on quality, soil and irrigation to make management decisions.

