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THE IMPORTANCE OF THE DIGITAL ECONOMY IN YEMEN, MOTIVATION AND CHALLENGES

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This study report explains Yemen's pace of electronic commerce trading as well as the challenges it encounters.

Keywords: digital economy, economy, Yemeni's Bank.

ЗНАЧЕНИЕ ЦИФРОВОЙ ЭКОНОМИКИ В ЙЕМЕНЕ, МОТИВАЦИЯ И ВЫЗОВЫ

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Объяснены темпы электронной коммерции в Йемене, а также проблемы, с которыми она сталкивается.

Ключевые слова: цифровая экономика, экономика, Йеменский банк.

In almost every industry, Yemen has a plethora of business prospects. Yemen's young-dominated demographic structure offers a tremendous opportunity in this digital age. Yemen must prioritize its social and economic development if it is to become digitally viable.

The goal of digital transformation is to advance the agenda and goals of environmentally friendly development while also assisting in the provision of goods and services, eradicating poverty, reducing inequality, creating jobs, and resolving other pressing issues.

The economy of digital commodities, which opens up a wide range of opportunities for nations seeking to develop economically and socially, is currently one of the most important modern advancements.

The Yemeni government needs to take a number of actions to improve the way the country's digital transformation is structured and to grow the digital economy [1–2].

Yemen's economy has a great possibility to prosper thanks to the digital economy, one of the basic engines driving global economic growth.

Yemen has a lot to gain from the digital economy in terms of e-commerce, online banking, and communication technologies.

Yemen has several obstacles to overcome before it can fully develop its digital economy, including a poor business climate and a shoddy ICT infrastructure [2].

Figure 1, *a, b* show depicts the Yemeni economy's heavy reliance on cash and its poor level of financial inclusion within the established banking system.

In the opinion of the authors of [2], there are indications that the economy is shifting toward the digital sector. A few examples include bill payment, online shopping, and other services.

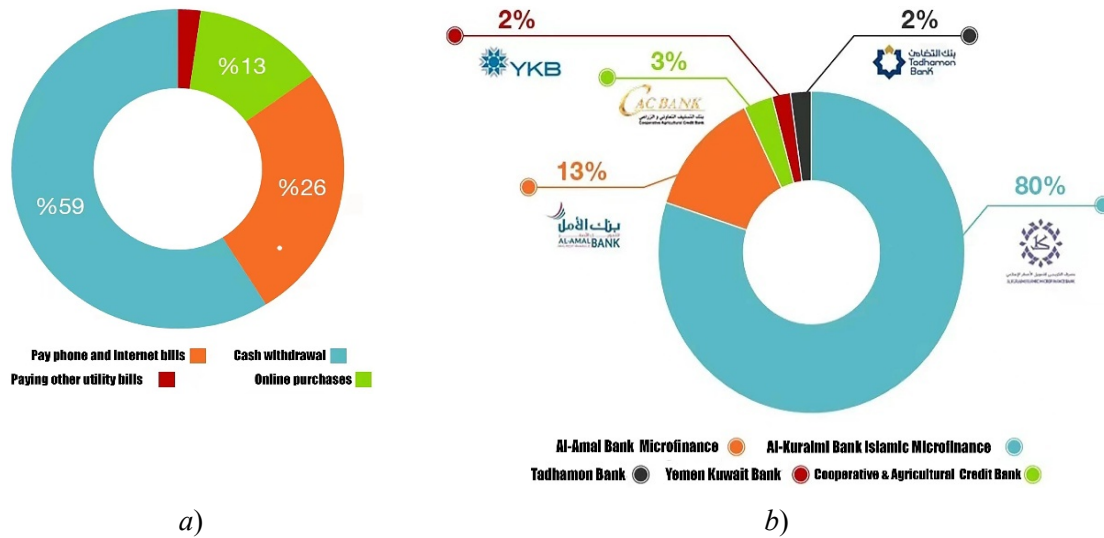


Fig 1. Percent of electronic commerce through international banks in Yemen

In order to ensure the welfare and prosperity of society, legislative and regulatory agencies are among the most crucial axes of the digital economy that must support economic growth. The Yemeni government's endeavors to implement digital transformation programs at every level still include where it is now located. To enhance the comprehensiveness and protection of technical systems, the Republic of Yemen passed Law No. 40 of 2006 on December 8th, which addresses payment systems and electronic financial and banking operations [3].

The ability for any institution, regardless of size or financial situation, to create a commercial website on the Internet and conduct its business fully of space and time without any limitations has resulted in the abolition of mediation and mediation solutions. Additionally, it has caused a convergence of diverse economic sectors and the reduction of obstacles between them [3–5].

It's possible that there are difficulties. The lack of a suitable infrastructure for information and communication, the high cost of communications, and the poor Internet connection are some of Yemen's digital economy's major problems. Cybersecurity and data privacy issues are also present in Yemen.

In the Figure 2 explains the primary distinctions between the traditional economy and the digital economy.

| Traditional economy | Digital economy |
|-----------------------------|--------------------------------|
| Factories | Data Centres / Cloud computing |
| High street shops | Internet website |
| Newspaper ads/word of mouth | Social media reviews |
| Transportation | E-sales – digital downloads |
| Banks and cash points | E-Banking |
| Schools/textbooks | E-learning, e-books |
| 9-5 commute | Working from home |
| Physical assets | Google rankings / brand image |
| Construction | Website development |
| Real estate | Domain ownership |
| Cash – cheque payment | e-payment, cashless society |
| Labour and capital | Automation and AI. |

Fig. 2. The primary distinctions between the traditional economy and the digital economy

Despite the rules and legislation put in place by countries to safeguard the economy, many businesses migrated to electronic trading, which led to the expansion of new businesses. No. Although it has negatives, such as the lack of effective consumer and corporate protection rules, it is seen as a rapid option for purchasing and selling products and must be employed. Some countries have enacted laws to protect this commerce.

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