

## Market Monitoring Report on E-Commerce Entities

### A. Background

E-commerce is growing fast in Bhutan. Currently, there are 107 registered e-commerce entities in the country, which are mostly concentrated in Thimphu Thromde. E-commerce entities are required to operate in accordance with the Guidelines on E-commerce, 2019 and are subject to abide by Consumer Protection Act, 2012, and Consumer Protection Rules and Regulations, 2015.

As per the E-commerce Guidelines, 2019, e-commerce entities are required to meet the following minimum standards:

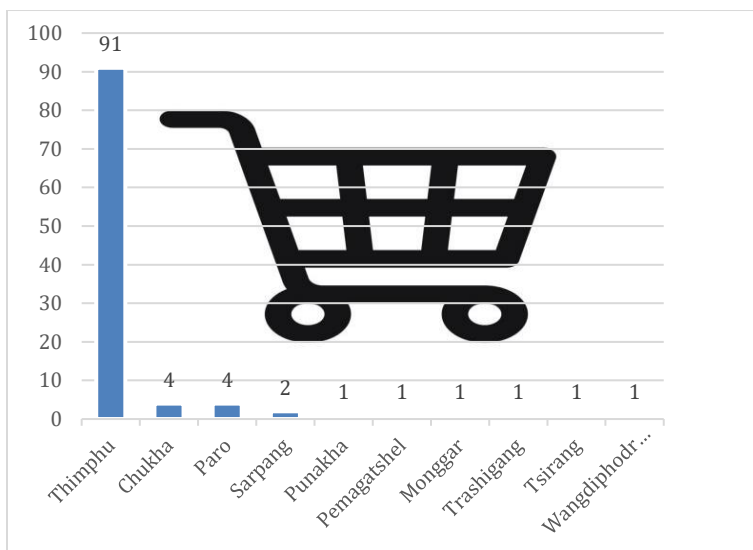
- Obtain an e-commerce license,
- Display the license prominently on their website or social media account,
- Issue e-invoices or paper invoices after sale,
- Provide clear information about goods and services offered,
- Provide price of goods/ service including cost of packaging and delivery,
- Provide a clear written return/ cancellation policy

While e-commerce may provide certain benefits both to sellers and buyers, it is more difficult for regulatory agencies to detect and penalize fraud or unethical practices. The objective of this study is to see if e-commerce operators in Bhutan comply with minimum requirements and what interventions can be made so that businesses improve the quality of service and better protect consumers.

### B. Methods and materials

There are a total of 107 registered e-commerce entities in the country. Thimphu Dzongkhag by far has the highest number, followed by Chukha and Paro Dzongkhag (Fig. 1).

Figure 1: Number of e-commerce entities



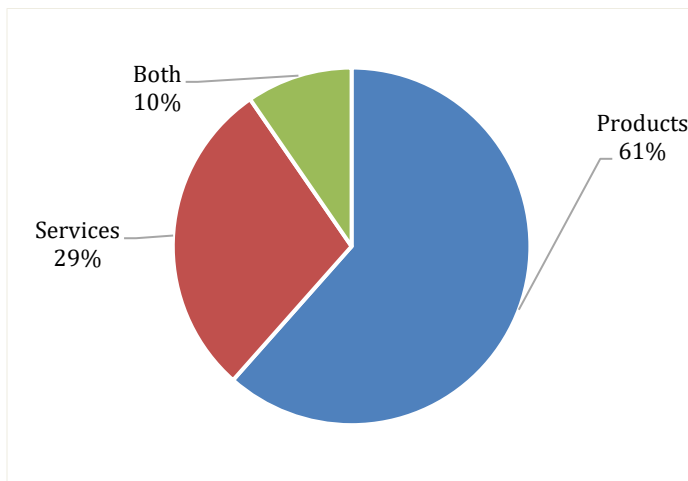
E-commerce businesses were contacted where possible, and existing websites and social media (Facebook and Instagram) accounts were checked for compliance.

### C. Findings and Observations

From a total number of 107 registered entities, only 52 were found to be still active, 21 were non-operational and the remaining 34 entities could not be contacted.

From the total active entities, 61% were offering products, 29% were in the service sector, and 10% offered both goods and services (shown in Figure 3).

Figure 2. Percentage of e-commerce entities based on the type of business



75% of the businesses display the price of their products and/or services online. Based on their own accounts, 80.8% of e-commerce have cash memos/ purchase receipts that are provided upon delivery of products, including an e-invoice.

The quality and amount of information about a product or service offered impacts purchase decisions. Though the content of the information varied, at least 92% of e-commerce entities provided some form of information.

Likewise, though the details and specificities differed, more than 50% of entities have some form of product refund and/ or cancellation policy on their website/ social media account. Customers intending to purchase an expensive product or service would be inclined to be more confident if the business displayed its policy on refunds and cancellations on their website or account.

84.62% of entities have their own websites, while 15.38% do not have their own websites but operate through Facebook, Instagram, Telegram, and WhatsApp. According to the proprietors, social media platforms are more convenient and less costly to operate business than websites.

Additionally, 25% of entities have mobile apps via which consumers can place orders, as compared to 75% who don't.

Consumers would feel more confident if they knew that the entity they were dealing with was a registered or licensed entity. Unfortunately, of the 44 active e-commerce entities with websites, an overwhelming 98.08% do not have their license displayed prominently on their website.

#### D. Recommendation

The CCAA must issue a letter of rectification to those e-commerce entities not complying with the minimum requirements to make necessary improvements on their website and social media accounts with immediate effect.

Those entities with unclear or without any return/ cancellation policies must be instructed to formulate a policy and upload it prominently on their website or social media account. The CCAA could assist by developing a template for such a policy that they can use as a guide.

Regular monitoring of e-commerce is required to ensure that they are reminded of and made compliant with the requirements for the protection of consumers who prefer to do business using e-commerce.

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