

Mobile phones ring in growth in emerging markets

October 7 2009, by Andre Lehmann



A Pakistani passenger bus is seen passing by a bill-board displaying a mobile phone advertisement in Islamabad. Once just a simple telecommunications tool, the mobile telephone has in recent years become a driver of economic growth in emerging countries, according to experts.

Once just a simple telecommunications tool, the mobile telephone has in recent years become a driver of economic growth in emerging countries, experts said at one of the industry's biggest fairs.

"The handyman who is offering services could not be reached before, but ... now they have a mobile phone and they are on call," said Khaled Ismail, who heads the development division at the Egyptian group Orascom Telecom.

"These entrepreneurs could not open a shop, it is too expensive. Now they are on call. Mobile phones are proving to become very vital for

SMEs," Ismail told AFP at the ITU Telecom World exhibition this week.

Anecdotal evidence from Pakistan to Rwanda to Malaysia demonstrates how the mobile telephone has helped spur businesses in the developing world, altering the daily lives of rural and often poor populations dramatically.

Research has found that every 10 percent growth in mobile phone penetration brings about an increase of 0.6 percent in [economic growth](#), said Philippe Dongier, who heads the information and communications technologies division at the World Bank.

The equivalent growth in high-speed Internet penetration, meanwhile, boosts growth by 1.3 percent, said Dongier.

Thanks to [mobile telephones](#) and instant messaging, fishermen, farmers, handicraft workers have been able to hawk their wares in a more efficient way or even find new clients, he noted.

In India, fishermen out at sea can now learn about the demand on shore, and therefore channel their catch to the right port.

The [mobile technology](#) has therefore "had a direct effect on the revenues of the fishermen," said the World Bank specialist.

In Rwanda, hospitals have been able to optimise the management of their stocks of medicines through instant messaging, added Dongier.

Orascom's Ismail notes that in Bangladesh, the telephone allows farmers to gain access to the Internet for information that is vital to their livelihoods.

"They cannot afford a laptop... The phone is a much simpler device.

They receive very dedicated information which helps them to optimise the crops, sell at the right time, at the right price," he explained.

In Malaysia, the [mobile phone](#) has also brought new convenience, said Mohamed Sharil Tarmizi, who heads the country's telecommunications and multimedia commission.

"Previously, people walk half a day to get to a clinic or to get to a centre to make a phonecall," he said, but now, most of the country's population can obtain information they need via SMS.

The number of mobile telephone users is expected to reach 4.6 billion this year, a more than four-fold increase from a billion in 2003, according to the UN's International Telecommunications Union. And much of recent year's growth has stemmed from emerging countries.

These huge markets have also led to new opportunities for home-grown telecommunications players, according to industry watchers.

Orascom, for instance, is now operating in 14 countries, including Bangladesh, North Korea and Namibia.

China Mobile's chief executive Wang Jianzhou, whose company signs up some five million subscribers per month, told AFP that penetration rates in rural China now stand only at 20 to 30 percent.

"The growth in penetration is slowing in cities but the growth potential in rural areas is huge," he said.

The Chinese telecommunications giant is also looking to other emerging markets for growth.

"We would like to expand internationally in emerging markets," said

Wang, adding that Asia would be its main target, given its proximity and cultural similarities.

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