

# REGIONAL COMPREHENSIVE ECONOMIC PARTNERSHIP



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**Bentham Books**

# **Regional Comprehensive Economic Partnership**

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## FOREWORD

It is remarkable how little attention the Regional Comprehensive Economic Partnership (RCEP) has garnered around the world, given the potential that this regional economic pact possesses to propel Asia into a new era of economic leadership. The 15-member countries that are signatories to the RCEP already host about 30% of the world's population and generate 30% of global GDP. Just what might transpire in regard to economic, social and environmental change in this important region should the RCEP foster the economic integration that it aspires to achieve is a deeply contextualized and nuanced question that lies at the core of *Regional Comprehensive Economic Partnership (RCEP): Potentials and Challenges*.

*Regional Comprehensive Economic Partnership (RCEP): Potentials and Challenges* is a vanguard volume that puts forth one of the most comprehensive analyses of the largest economic alliance in the world. The analysis contained in this volume benefits significantly from the diverse expertise and perspectives of the co-authors deftly assembled by esteemed co-editors, Dr. Mahani Hamdan, Dr. Muhammad Anshari, and Dr. Norainie Ahmad, all hailing from the University of Brunei Darussalam.

A foundational theme of the book centers on exploring the impact that the RCEP will have on catalyzing innovation in the region and what that might mean for national economic development and economic inclusiveness. Many of the contributing authors share a belief that connectivity and e-commerce alliances stand to yield cross-border successes that were perhaps not possible prior to the Internet age. Interconnectivity enables a region that was once solely focused on a competitive race to the bottom to create a shared foundation upon which technology and big data can be leveraged by the region's entrepreneurial SMEs to produce disruptive innovations that are commercialized through new grassroots financial models. While most of the contributing authors are optimistic about the potential of the RCEP, all have also been careful to remind the reader that inequalities in the region remain and historical animosities potentially hinder optimizing the impact of this important economic pact.

Indeed, the final two chapters explore two sub-themes that regional economic development experts are particularly concerned with: the influence of China and the need to ensure greater social inclusiveness and equality when it comes to catalyzing economic development. The manner in which China integrates its economic development strategy with the RCEP will arguably have the greatest influence on political dynamics in the region. Friend or foe; competitor or collaborator? Either way, China's economic strategy will both influence and be influenced by the RCEP. Similarly, economic growth that does not promote economic inclusiveness and stimulate enhanced social governance stands to engender the same animosities that have scuttled previous attempts at economic integration in the region. An equitable sharing of benefits will play a key role in determining whether or not the RCEP improves well-being within member nations and enhances goodwill between member nations.

*ii*

All of these important questions regarding the potential of the RCEP to guide the Asia-Pacific region to a new area of harmonious, collaborative, equitable and sustainable economic development are taken up by the authors of *Regional Comprehensive Economic Partnership (RCEP): Potentials and Challenges*. For anyone wishing to delve into the nuances associated with the RCEP, this book is the definitive starting point.

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## PREFACE

The Regional Comprehensive Economic Partnership (RCEP) is a free-trade deal involving 10 ASEAN member states, Australia, China, Japan, New Zealand, and South Korea. It is the world's largest regional trade agreement, and it will result in the world's most populous trade area. The proposed edited book is the first on the subject of RCEP to be published. The book is multidisciplinary in nature and is intended to disseminate and discuss research and best practices on any element of RCEP. The book focuses on high-quality research projects that contribute to theory, lessons learned, best practices, and critical understanding and policy implications or formulation regarding the RCEP among member nations. Additionally, reports on the RCEP's general progress are examined in relation to the book's theme.

The book **Regional Comprehensive Economic Partnership (RCEP): Potentials and Challenges** is expected to become a significant source of information and reference for RCEP development, particularly in terms of promoting awareness, by incorporating conceptual, recent development, best practices, comparative assessment, business processes, as well as strategies and outputs from RCEP studies across multiple domains of knowledge. To assure the book's quality, each chapter was reviewed twice. Academicians and students who can use the chapters in this book as references for the latest developments in the RCEP, researchers in academia seeking a perspective on the RCEP, government organizations interested in the information about the RCEP, policymakers who need to understand the discussion about the RCEP, and members of the general public seeking information about the RCEP are likely to be readers.

The book covers a wide variety of topics, including an overview of the RCEP. The book is divided into ten chapters that cover the recent RCEP discussion on process, methods, and difficulties. Each chapter is summarized below.

Chapter 1 titled “An Overview of Regional Comprehensive Economics Partnership (RCEP)” by Mahani Hamdan, Muhammad Anshari, Norainie Ahmad, (Universiti Brunei Darussalam, Institute of Policy Studies), discusses that RCEP is a recently established Free Trade Agreement between Asia-Pacific countries with the goal of increasing trade between participating countries. RCEP established an integrated market with 15 members of the countries, which has facilitated the mobility of products and services among the participating countries. It aims to negotiate on trade in products and services, investment, intellectual property, dispute settlement, e-commerce, small and medium-sized firms, and economic cooperation. Currently, it is the world's largest free trade agreement in terms of economic impact, and it has the potential to promote trade and integration among member countries. The chapter's objectives are to evaluate the opportunities and challenges that RCEP is facing.

Chapter 2 titled “Integrating RCEP with Cross-Border E-commerce (CBE) Towards Accelerating Economic Recovery in ASEAN” by Mia Fithriyah (Indonesia Open University, Indonesia), states that connectivity is the basis of e-commerce development. E-commerce reinforces connectivity, and aims to promote a continuous stream of information, logistics, free cash flow, and so forth. A seamless connection between the virtual and physical parts of an e-commerce network could be demonstrated toward Cross-Border E-commerce (CBE). A region-wide e-commerce support environment with a Regional Comprehensive Economic Partnership (RCEP) agreement would undoubtedly support economic stabilization. Notably, this model is positively in line with the restricted conditions during the COVID-19 outbreak (Anshari *et al.*, 2021a). However, businessmen should improve connectivity-derived services via technology and the internet in order to add more value to the successful implementation of

CBE. Considering today's consumers are more complex, the COVID-19 economic turbulence has resulted in a severe bankruptcy storm for business areas worldwide (Hamdan *et al.*, 2020). Hence, the potential and opportunities of CBE will be explained in detail in this study. The determinants of the successful adoption of CBE remain complex. Therefore, our framework allows us to assess the extent of concerns about CBE opportunities and the potential for accelerating economic recovery during the COVID-19 pandemic.

Chapter 3 titled "Economic Integration's Impact on Regional Comprehensive Economic Partnership" by Emil Ali (Universiti Brunei Darussalam, Institute of Policy Studies, Universiti Brunei Darussalam) and Muhammad Anshari (Universiti Brunei Darussalam, Institute of Policy Studies, Universiti Brunei Darussalam), affirms that this study examines how the Regional Comprehensive Economic Partnership (RCEP) affects the commercial and economic activities of RCEP member countries, including supply chain management (SCM), tariff reductions on trade, customs duty reductions, market expansion, and the likelihood of obtaining economies of scale in manufacturing. This chapter adopted a qualitative method approach, which involved reviewing current literature studies and interpreting them in order to make possible recommendations. The findings indicate that the Regional Comprehensive Economic Partnership will significantly impact industries in the Asia-Pacific region, such as textile and apparel supply chain integration, and that this will provide a significant opportunity for member countries to further improve their economic conditions. Additionally, improving the SCM leads to an increase in GDP, enabling many countries to achieve a favorable balance of trade and encouraging them to pursue innovation. The implementation of the RCEP agreement also has its challenges and needs to be addressed in order to make the adoption of RCEP a success.

Chapter 4 titled "The Fourth Industrial Revolution Landscape for RCEP" by Abdullah Al-Mudimigh (Dar Al Uloom University, Saudi Arabia) & Abdur Razzaq (Universitas Islam Negeri Raden Fatah Palembang, Indonesia), states that this chapter examines the Regional Comprehensive Economic Partnership (RCEP) Agreement in general, as well as how it contributes to the progression of the Fourth Industrial Revolution (4th Industrial Revolution) (4IR). It primarily focuses on the RCEP, which was signed by the Association of Southeast Asian Nations (ASEAN) countries, Australia, China, Japan, Korea, and New Zealand in order to expand and strengthen engagements with one another and their relationships to Industry 4.0, whereby the potential issues and solutions are discussed in greater depth. It also highlights the security and privacy issues and thoughts on how 4IR might help countries improve their economies over the long term. The chapter includes reflections on experiences as well as an analysis of how the information contained in the agreement affects the growth of the RCEP agreement.

Chapter 5 titled "Disruptive Innovation Reshaping Future RCEP" by Muhammad Anshari, Norainie Ahmad, & Mahani Hamdan (Universiti Brunei Darussalam, Institute of Policy Studies), discusses the relationship between the Regional Comprehensive Economic Partnership (RCEP) agreement and the advent of Disruptive Innovation. RCEP was signed in November 2020 by a total of fifteen countries, with the goal of advancing regional economic integration and exerting greater influence over the Free Trade Agreement (FTA). The main focus of this chapter is on assessing the benefits of disruptive innovation and trade under the Regional Comprehensive Economic Partnership (RCEP). We performed a literature review and applied a SWOT analysis in order to assess the strengths and weaknesses of disruptive innovation, as well as the opportunities and challenges presented by the Regional Comprehensive Economic Partnership. Disruptive innovation can be beneficial to the majority of RCEP countries, since it can raise market growth, increase profit, and increase the productivity of – and efficiency for, disruptive technologies used in manufacturing. On the

other hand, the possible challenges may be detrimental to smaller emerging economies, whose employment rates may be adversely impacted, and local enterprises may be overshadowed as a result of the increased competition.

Chapter 6 titled “Is Big Data a Disruptive Innovation to RCEP?” by Ares Albirru Amsal (Faculty of Economics, Universitas Andalas, Padang-Indonesia), states that big data has a lot of potentials to increase international trade. As the largest free-trade agreement, the Regional Comprehensive Economic Partnership (RCEP) can utilize big data and related technologies to create fair and mutually beneficial trade. With the main characteristics of volume, variety, and velocity, big data provides strategic advantages for businesses that use it. The data can be processed using descriptive, diagnostics, predictive and prescriptive analytics. However, not all RCEP members have the same level of data processing capability. Their IT development also varies. Therefore, decision-makers need to resolve issues related to data utilization, especially in terms of digital literacy, security, and privacy.

Chapter 7 titled “Financial Technology Innovation - Peer-to-Peer (P2P) Lending in the RCEP Member States” by Rayna Kartika (Faculty of Economics, Universitas Andalas, Padang-Indonesia), investigates that Regional Comprehensive Economic Partnership (RCEP) aims to strengthen the economy and the free trade agreement among 10 ASEAN member states (Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam) and 5 partner states (China, Japan, South Korea, Australia, and New Zealand). One of the ways to improve economic growth is to enhance the investment sector into start-ups and SMEs. Peer-to-peer lending platforms exist to ease the mechanism of funds lending and borrowing from investors to Start-ups and SMEs. Currently, the rise of P2P lending, particularly in RCEP member states, has boosted the economic growth and development of technology. The government assistance to set up the regulation regarding the mechanism of P2P lending has been carried out in order to create a clean and transparent practice of P2P lending among borrowers and lenders. Therefore, this chapter describes the introduction of RCEP member states and P2P lending, and the mechanism for adopting P2P lending platforms in RCEP member states.

Chapter 8 titled “Regional Comprehensive Economic Partnership (RCEP) and ASEAN Sustainable Development Goals” by Blessing Gweshengwe (Department of Rural and Urban Development, Great Zimbabwe University, Zimbabwe), explores that an economic partnership can play a significant role in poverty reduction in the countries involved in it. The partnership’s contribution to poverty alleviation is, however, a function of its scope and the nature of participating countries and could be constrained by various factors. Considering this, the chapter addressed whether the RCEP can contribute meaningfully to achieving Sustainable Development Goal 1 within the ASEAN region. This aspect is yet to be subjected to scholarly examination. The chapter examined the potential of the RCEP to help ASEAN countries to eradicate poverty, the factors that could jeopardise this endeavour and the measures that could be taken to address these factors. The chapter found that the RCEP could indeed contribute to the realisation of Sustainable Development Goal 1 in ASEAN countries since it has the potential to contribute to poverty eradication. This is because of the partnership’s capacity to, among other aspects, drive economic growth, boost real convergence and optimise the poverty eradication potential of Micro, Small and Medium Enterprises in the ASEAN region. This contribution may, however, be jeopardised with the advent of the Covid-19 pandemic, and because of political instability in some ASEAN countries. In order to mitigate the impact of both of these challenges, ASEAN countries could reinforce their social protection systems, intensify their commitment to the RCEP and address the needs of the losers in the RCEP.

Chapter 9 titled “Regional Trade Deal with China for a New Digital Economy” by Abdur Razzaq (Universitas Islam Negeri Raden Fatah Palembang, Indonesia), states that the Regional Comprehensive Economic Partnership (RCEP) will be one of the most important free trade agreements in the history of the Asia-Pacific region and the world. It will also be one of the most important agreements in the world. This is being done in an effort to improve trade ties across the Asian-Pacific region's economies. Amid the COVID-19 pandemic that has spread over the world, it has emerged as a topic that can have an influence on business. China is innovating in the way it trades by taking advantage of the digital economy to its advantage. China's economy benefits to some extent from this strategy. China's economy recovers partly due to the implementation of this digital system, becoming the world's first to do so. Throughout the outbreak of COVID-19, the country has demonstrated that it is inventive and capable of supporting its economy and speeding its development. The RCEP agreement will have a greater impact not only on China but also on the participating members.

Finally, Chapter 10 titled “Empowering The Underprivileged Community through Social Innovation and Entrepreneurship” by Fahmi Ibrahim and Dayangku Rodzi Pengiran Haji Rahman from School of Business, Universiti Teknologi Brunei (UTB), Brunei Darussalam, discusses increasing awareness of being socially responsible and addresses social problems involving various key stakeholders in the public and private sectors, as well as the corporate and businesses, and the community included. With social issues experienced globally, such as climate change, introducing diversity in society or eradicating poverty, it is imperative to use social innovation to improve or replace the way things are currently done. This paper aims to analyse the impact of social innovation of entrepreneurship to provide stable income to underprivileged and unemployed segments and youth. It discussed key elements that support the development of entrepreneurship to ensure sustainability and growth, to ensure the underprivileged segment and youth will continue to earn, thus reducing reliance on welfare assistance support. The research was conducted based on interviews and observation methods. Two significant projects investigated that employed the social innovation model, how they were applied and the implications to the society who participated in these projects. These include the process, the role of individuals and the collective action of key strategic stakeholders in managing and structuring the programs. It was concluded the importance of entrepreneurship in driving economic growth and empowering the targeted segment, such as the underprivileged, through entrepreneurship to provide employment and sustainable income. Recommendations were made in managing social issues, uncovering the importance of social inclusivity, social innovation in developing individuals and driving economic growth, involvement of all parties from the public and private sectors, as well as non-profit and non-government organization to expand the initiatives to include those who are entitled to receive the support.

After the summaries of the chapters included in the book, the book portrays and assesses RCEP's overview, potentials, challenges and future directions. The book emphasizes quality, research-based studies that contribute to theory, lessons learned and best practices, critical understanding and policy formulation on RCEP. We hope you all find them useful and interesting for research, teaching and policy studies.

Thank you,

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## CHAPTER 1

# An Overview of Regional Comprehensive Economic Partnership (RCEP)

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**Abstract:** The Regional Comprehensive Economic Partnership (RCEP) is a recently established Free Trade Agreement between Asia-Pacific countries with the goal of increasing trade between participating countries. A total of twenty Chapters, seventeen Annexes, and fifty-four schedules of obligations are included in the agreement between its partners, with legal features correlating to the explorations of its interactions with member countries. RCEP established an integrated market with 15 member countries, which has facilitated the mobility of products and services among them. It aims to negotiate on trade in products and services, investment, intellectual property, dispute settlement, e-commerce, small and medium-sized firms, and economic cooperation. Currently, it is the world's largest free trade agreement in terms of economic impact, and it has the potential to promote trade and integration among member countries. The objectives of this chapter are to evaluate the opportunities and challenges RCEP faces. We focus primarily on secondary data gathered from scholarly journals and formal reports. RCEP has the potential to expand economic growth among the participating countries. However, one of the challenges that needs to be considered is that some countries may be in a less advantageous position, as the agreements made might affect their internal economic development. We argue that despite the numerous advantages of the Partnership, all members must be able to address the four major issues identified in this chapter if they were to benefit fully from the RCEP.

**Keywords:** ASEAN, Australia, China, Free Trade Agreement (FTA), Japan, New Zealand, Regional Comprehensive Economic Partnership (RCEP), South Korea.

## INTRODUCTION

A Free Trade Agreement (FTA) is an agreement between two or more countries that are based on global regulation and is intended to create a free-trade zone between the cooperating countries (EduMaritime, 2021). Its primary purpose is to minimise trade restrictions between countries in order to expand business opportunities. This is accomplished through activities such as determining the

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tariffs and duties that countries impose on imports and exports with the goal of reducing or eliminating trade barriers, thereby promoting international trade (The Balance, 2021). There are two economic elements of free trade agreements: trade diversion and trade creation, as well as free trade agreements for public benefits. Studies have shown that the introduction of these economic features will improve the overall national welfare of a country (International Economics Study Center, 1998).

The most recent free trade agreement (FTA) is the Regional Comprehensive Economic Partnership (RCEP), which was signed on 12<sup>th</sup> November 2020, which involves countries in the Asia-Pacific region and creates uniform regulations for e-commerce, trade, and intellectual property. The RCEP is a free trade and multilateral agreement between Australia, Brunei, Cambodia, China, Indonesia, Japan, Laos, Malaysia, Myanmar, New Zealand, the Philippines, Singapore, South Korea, Thailand, and Vietnam that includes the Asia-Pacific region (Hastuti, 2020; Swasdee *et al.*, 2020).

RCEP intends to establish a substantive and mutually beneficial economic partnership agreement that is WTO-compliant and transparent, and it will entail greater cooperation between ASEAN and its free trade agreement partners (Basu Das, 2015; Anshari, 2020). Aside from that, the trade bloc's broader economic objectives are to strengthen members' participation in regional and global production networks while simultaneously lowering the cost of trade or commerce and the shortfalls caused by multiple ASEAN-based trade agreements. Its most significant feature is that it aims to eliminate up to 90 percent of tariffs on imports between participating nations within 20 years of its implementation. In addition, it will define uniform norms for e-commerce, trade, and intellectual property rights protection (Zhou, 2020).

In this paper, we explore the advantages, potentials, and challenges of the Regional Comprehensive Economic Partnership (RCEP), in view of the long-term viability for participating member nations and the global community in general.

## **REGIONAL COMPREHENSIVE ECONOMIC PARTNERSHIP (RCEP)**

The origins of the RCEP trade bloc can be traced back to 2006, when four countries, including Brunei, New Zealand, Chile, and Singapore, founded the Pacific Four (P4) grouping, and the United States, Australia, Malaysia, Vietnam, and Peru expressed an interest in joining them in 2008 (Cheong and Teonzon, 2013). These countries began negotiations to form the Trans-Pacific Partnership (TPP) agreement in the year 2009, which has since met with numerous challenges. ASEAN acknowledged that its relevance in East Asia could be adversely affected when the United States conducted the Trans-Pacific

Partnership (TPP) negotiations in 2009. Japan and Canada also expressed their willingness to join during the 2011 Asia-Pacific Economic Cooperation (APEC) Economic Leaders' Conference, which was hosted by the United States. In order to maintain its prominence, ASEAN has implemented a number of policies and mechanisms, including the establishment of the ASEAN Framework for Regional Comprehensive Economic Partnership (RCEP), which was formalised in 2012 and is currently in effect (Fig. 1).

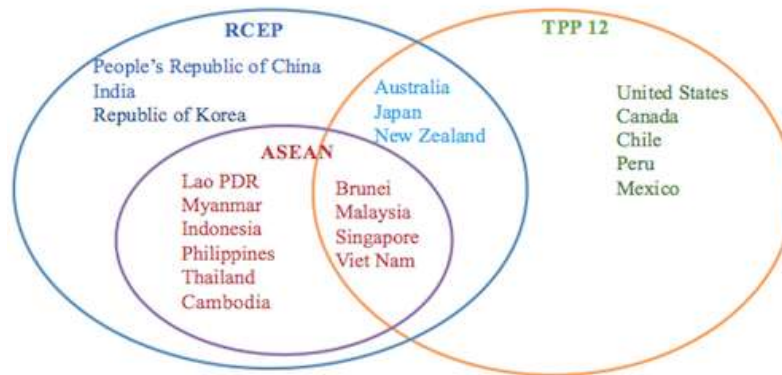


Fig. (1). ASEAN, RCEP, TPP (Source: Asiafoundation, 2015).

The Trans-Pacific Partnership (TPP) is a comprehensive trade agreement that aims to strengthen economic links between 12 nations, including Peru, Canada, Mexico and Japan, by creating a new single market that is comparable to that of the European Union. This will be accomplished by removing trade barriers, such as tariffs, and promoting cross-border trade in order to stimulate economic expansion along with the RCEP. Despite the proposed agreements signed among the countries in 2016, President Trump's decision to withdraw the United States from the TPP in 2017 was one of the primary reasons for the deal's collapse, along with discrepancies between decisions makers, and rising protectionism (Lyu, 2018).

The RCEP agreement on the other hand, is a relatively new Free Trade Agreement (FTA) that was proposed in November 2012 by the ten member nations of the Association of South-East Asian Nations (ASEAN). These countries include Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam. Another five countries, including Australia, China, Japan, New Zealand, and South Korea, also took part in the pact (Gantz, 2016). Following eight years of initial negotiations for the Regional Comprehensive Economic Partnership (RCEP), the participating nations were finally able to reach a consensus on the accord on November 15,

## Integrating RCEP with Cross-Border E-Commerce (CBE) Towards Accelerating Economic Recovery in ASEAN

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**Abstract:** Connectivity is the basis of e-commerce development. E-commerce reinforces connectivity and aims to promote a continuous stream of information, logistics, free cash flow, and so forth. A seamless connection between the virtual and physical parts of an e-commerce network could be demonstrated in Cross-Border E-commerce (CBE). A region-wide e-commerce support environment with a Regional Comprehensive Economic Partnership (RCEP) agreement would undoubtedly support economic stabilization. Notably, this model is positively in line with the restricted conditions during the COVID-19 outbreak (Anshari *et al.*, 2021a). However, business actors should improve connectivity-derived services via technology and the internet in order to add more value to the successful implementation of CBE. Considering today's consumers are more complex, the COVID-19 economic turbulence has resulted in a severe bankruptcy storm for business areas worldwide (Hamdan *et al.*, 2020). Hence, the study aims to identify the potential and opportunities of CBE, which will be explained in detail in this study. The determinants of the successful adoption of CBE remain complex. Therefore, our framework allows us to assess the extent of concerns about CBE opportunities and the potential for accelerating economic recovery during the pandemic COVID-19. In addition, CBE requires new regulations, and Asian nations must actively take part in rule-setting in order to achieve economic benefits. CBE can also provide new opportunities for local businesses where it can reach beyond their borders.

**Keywords:** ASEAN, Cross Border E-commerce, Covid19, RCEP.

### INTRODUCTION

COVID-19 is an unparalleled disruption to the worldwide economy. The pandemic affects manufacturing and consumption. Hence, there is a need for brand-spanking new alternate measures in reaction to the adverse effects, even though new methods and regulations substantially influence exports and imports.

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Countries require obvious records to permit governments and buyers to preserve them in the most clear way possible, specifically in an economic recession.

Worldwide, cross-line internet business has been progressively significant in the global economy (Chen L., 2017). Various factors, for example, the use of cell phones, fast Internet, the development of online installment frameworks, advancements in customer practices, administration area advancement, and so on, have laid a solid foundation for flourishing cross-border e-commerce. Due to the COVID-19 pandemic, the economic sectors, especially in business, reported facing collapse. The potential vulnerability of the business sector to the COVID-19 shock is a significant concern for policymakers everywhere (Fithriyah *et al.*, 2022). The breakthrough that has become a concern during COVID-19 is Cross-Border E-commerce (CBE). CBE has introduced new dynamics to international trade. It typically involves fewer intermediate links between sellers and buyers but has a higher demand for services, especially information, payment, and logistics.

Economic digitalization tends to work with the global exchange as shoppers and makers can get data from a wide scope of geographical areas for a minimal price inside a brief time frame. This infuses new elements into the worldwide market. With new competitors, new products, new services, and new plans, as well as changes in how development and technology are spread, prices go down, the number of products available goes up, and market competition goes up.

Worldwide income from CBE was projected to arrive at £600 billion in 2018, two times that of 2012. China is among the leaders of cross-border e-commerce. China's gross market value of cross-border e-commerce accounted for roughly one-eighth of its total exchange in 2013. Its portion was relied upon to provide an additional increment of around 20% before the end of 2017. In general, the size of the advanced economies in ASEAN is projected to increase by 5.5 occasions by 2025 (Think with Google, 2017).

Companies specialising in cross-border e-commerce have experienced a fast development in the mobile business. For example, in the case of DHgate.com, website visits from mobile devices accounted for 42% of the platform's total visits in June 2014. The number of orders sent from mobile terminals has increased over two times annually (Mulyani *et al.*, 2019). Another company, Lightinthebox.com, also saw mobile businesses as the main driving force behind its revenue growth. Over 30% of the orders in 2014 came from mobile devices (AliResearch, 2016).

The total annual revenue of the global mobile payment market was estimated to reach US\$450 billion in 2015. The market is projected to expand by US\$150 billion–170 billion per year. According to the projection, the size will break the mark of US\$1 trillion by 2019. Mobile and PC platforms tend to interact further

with each other. It has been popular for mobile businesses to adopt multi-app strategies. In the next five years, an increasing share of private consumption increment will come from global e-commerce growth. The sustained growth of online shoppers provides a solid base for e-commerce consumption. The data showed that by June 2016, the scale of online shoppers in China had reached 448 million, and the online shopping usage rate had reached 63% (CNNIC, 2016). Singapore (60%), Malaysia (52%), and Thailand (51%) are among the world's top markets with the highest online shopping penetration rate as well.

The possibility of the successful implementation of CBE was supported by the fact that the e-commerce market is progressing due to the massive adoption of advanced technology and supportive policy conditions, such as the Regional Comprehensive Economic Partnership (RCEP). The new transformation of the supply chain and trading like CBE is like bringing fresh air for economic recovery during this economic shock caused by the endless pandemic.

## **LITERATURE REVIEW**

### **CROSS BORDER E-COMMERCE (CBE) BARRIERS**

E-commerce is the fastest-growing area in the global economy, which shortens the distance between buyers and sellers. When online deals and transactions are conducted in different areas or countries by using information and communication technology (ICT), it is called cross-border e-commerce (CBE) (Wang, 2014; Accenture, 2012). Cross-border e-commerce (CBE) is one type of international e-commerce like cross-border e-tailing. Furthermore, CBE is a business-to-customer (B2C) process used for integrating the activities of suppliers and customers along the logistics value chain. CBE has the potential to reduce trade barriers and promote trade growth (Terzi, 2011).

In the early days of cross-border e-commerce, merchants are primarily competing in products. With the development of internet technology and supply chain optimisation, this competition is turning to service level (Analysys, 2015; Swasdee *et al.*, 2020). Those capable to provide convenient and fast service will reach a competitive advantage and consumers' loyalty. However, several barriers to implementing CBE are divided into six categories (Fig. 1).

The flow of information and goods crosses national borders and encounters cultural differences in the middle. The typical difference is the language, which can change the sales culture and prevent consumption by foreign consumers (Youngdahl & Loomba, 2000). Besides, consumer behavior varies from country to country. More information about these foreign consumers' product preferences, delivery, and online payment options is necessary. Finally, the merchant's

## Economic Integration's Impact on Regional Comprehensive Economic Partnership

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**Abstract:** In this digital era, the economic sector has been transformed while gearing towards increased digitisation. In part, this has led to innovation, growth, and enhanced competitiveness, further leading to economic development. As a result, ASEAN countries have been pursuing adapting this change towards the digital era to prepare new technological advances that can create opportunities for development, including addressing possible threats. This chapter examines how the Regional Comprehensive Economic Partnership (RCEP) affects the commercial and economic activities of RCEP member countries, including supply chain management (SCM), tariff reductions on trade, customs duty reductions, market expansion, and the likelihood of obtaining economies of scale in manufacturing. We adopted a qualitative method approach, which involved reviewing current literature and interpreting them in order to make possible recommendations. The findings indicate that the Regional Comprehensive Economic Partnership will significantly impact industries in the Asia-Pacific region, such as textile and apparel supply chain integration, and that this will provide a significant opportunity for member countries to improve their economic conditions further. Additionally, improving the SCM leads to an increase in GDP, enabling many countries to achieve a favourable balance of trade and encouraging them to pursue innovation. The implementation of the RCEP agreement also has its challenges and needs to be addressed in order to make the adoption of RCEP a success.

**Keyword:** Asia-Pacific, Gross Domestic Product (GDP), Regional Comprehensive Economic Partnership (RCEP), Supply Chain Management (SCM).

### INTRODUCTION

The Regional Comprehensive Economic Partnership (RCEP) accord has been established in order to strengthen the ties between the member countries of the Association of Southeast Asian Nations (ASEAN) and the other Asia Pacific countries. The RCEP consists of the following members: Australia, Brunei, Cam-

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bodia, China, Laos, Malaysia, Indonesia, Japan, Myanmar, New Zealand, the Philippines, Singapore, Thailand, the Republic of Korea, and Vietnam. India was originally part of the RCEP negotiating country but withdrew itself in 2019 because of concerns pertaining to the interest of its domestic industries and, ultimately, its national interests. One of the primary objectives of this grouping is to achieve advancement and development of high-quality business relationships among its partners in order to better their economic conditions (ASEAN, 2020).

The digitisation of the economy is currently accelerating all over the world, and it has emerged as the primary catalyst for driving the economy towards innovation, growth and enhanced competitiveness. Digital technologies such as cloud computing and social media, among others, have transformed the nature of people's everyday lives, the business environment, and a wide range of industries. Along with the billions of internet users, individuals or enterprises who are not connected to the internet are shut out of the market, making it vital for these diverse parties to adapt to technological innovation (Digital Birmingham, 2016). As a result, ASEAN countries have been proactive in adapting to this rapidly changing era of digitalisation in order to be prepared for new technological innovations, products, and services that will offer new opportunities and identify potential challenges. With the RCEP, ASEAN countries will be in a better position to adapt to digital industrialisation through the use of information, communication, and technology (ICT), as they will have international and regional regulations to facilitate this economic revolution and develop efficient strategies to further stimulate and enhance economic growth.

RCEP has notably addressed electronic commerce (e-commerce) as one of the essential components that member countries wish to develop further. This includes some cooperative commitments, such as assisting small and medium-sized enterprises (SMEs) in overcoming the challenges of using e-commerce platforms (Hamdan *et al.*, 2020), encouraging good business practices in order to gain the trust of customers, and enhancing sectors for research, training, and technical assistance, among other initiatives (Price, 2020). As a result, the RCEP has opened the door to new opportunities for e-commerce companies and start-ups, as the agreement provides a number of benefits, including tariff reductions, customs clearance, and the convenience of reaping profits from online payments made by customers. According to the co-founder of Jollybuyer, a clothing start-up based in Hangzhou, RCEP will be extremely beneficial to cross-border industries in terms of facilitating paperless trading, cashless payments, and virtual customer data protection, which includes e-signature authentication and personal information protection, all of which are in accordance with Chapter 12 of the trade agreement (Dan, 2020). RCEP has made it easier for e-businesses to grow their markets and expand their footprints throughout Southeast Asia, which is

extremely advantageous for supply chain and logistics service providers (Swasdee *et al.*, 2020).

In addition, RCEP will contribute significantly to many parts of the trading process, including information exchange, reaching new markets, and increasing supply and logistics chains. This chapter will detail how the RCEP impacts global supply chain management, including how beneficial it is for the member countries, but also identifying possible problems. The next section will review the extant literature, with a focus on the current state of supply chain management in various countries. The findings from the literature review are then discussed and finally concluded by presenting the key points from the research.

## **LITERATURE REVIEW**

RCEP represents the Regional Comprehensive Economic Partnership, a proposed agreement between the member states of the Association of Southeast Asian Nations, ASEAN, and its free trade agreement partners (FTA). It was introduced during the 19<sup>th</sup> ASEAN meeting held in November 2011, and its negotiations started during the 21<sup>st</sup> ASEAN summit in Cambodia in November 2012. Sixteen countries were involved as the member states of ASEAN and their free trade agreement partners, which include Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, Vietnam, China, Japan, South Korea, Australia and New Zealand. This partnership aims to create an integrated market within the 16 countries to make the products and services of its member countries easily accessible and available across the region.

The purpose of the RCEP agreement is to form a modern, comprehensive, high-quality and mutually beneficial economic partnership in order to assist in the expansion of the regional trades in goods, services, and investment as well as contribute to global economic growth and development. Moreover, RCEP negotiations also focused on intellectual property, dispute settlement, e-commerce and small and medium enterprises (ASEAN, 2020). This would create opportunities to market and open employment positions to businesses and people within the region. One of the appeals to the contemporary RCEP agreement is that it is created to be future-proof, allowing it not only to be used today but also in the future. The RCEP agreement also helps update the existing ASEAN plus one FTAs and considers the changing and emerging trade realities, including the age of electronic commerce, the difficulties in market competition and the potential of small enterprises. Another purpose of the RCEP agreement is that it is comprehensive in terms of coverage and depth of commitments. The RCEP agreement has 20 chapters in its coverage which also includes any section that has not been covered in the ASEAN plus one FTAs. The RCEP agreement has

## Comparative Analysis of ICT Readiness in RCEP Member Countries

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**Abstract:** This chapter examines the Regional Comprehensive Economic Partnership (RCEP) Agreement in general, as well as analyse the recent status of ICT infrastructure of RCEP member countries. It primarily focuses on the RCEP, which was signed by the Association of Southeast Asian Nations (ASEAN) countries, Australia, China, Japan, Korea, and New Zealand in order to expand and strengthen engagements with one another and their relationships to Industry 4.0, whereby the potential issues and solutions are discussed in greater depth. It also highlights the security and privacy issues and thoughts on how 4IR might help countries improve their economies over the long term. The chapter includes reflections on experiences as well as an analysis of how the information contained in the agreement affects the growth of the RCEP agreement.

**Keywords:** Fourth Industrial Revolution (4IR), Information Communication Technology (ICT), Regional Comprehensive Economic Partnership (RCEP).

### INTRODUCTION

The Regional Complete Economic Relationship (RCEP) is a mega-regional free trade agreement (FTA) that was initially proposed in November 2012, and aims to establish a comprehensive, comprehensive, high-quality, and interdependent economic partnership (ASEAN, 2012). The main goal of the RCEP is to remove many tariffs on imports, especially for goods that already get duty-free treatment under existing FTAs. However, countries may maintain tariffs on imports in industries deemed necessary. The RCEP also has rules and standards, which are general rules for products that can get preferential tariff treatment under the RCEP. RCEP offers an advantage over many current bilateral FTAs between the parties in that it allows manufacturers to source parts from participating nations while still adhering to origin rules without paying tariffs (RCEP, 2020).

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A significant topic to discuss in the context of information and communication technology (ICT), due to its competitive advantages calibrated by the participating countries, in agreement with the international market for technologies, such as smartphones, computer systems, and so on. Examples of the aforementioned tendency may be found in countries, such as China, Japan, and South Korea, where technology-based firms, such as Huawei, Xiaomi, and Samsung, are manufacturing and exporting more than half of all mobile phones and computer products worldwide (Workman, n.d.). This would assist companies to acquire significant benefits from the agreement, as it will aid in the expansion of market access, providing them with greater opportunities to reach the global market and export their products overseas (Hamdan *et al.*, 2020).

The framework created for the Regional Comprehensive Economic Partnership (RCEP) Agreement of 2020 provides evidence of this promise of advantages for telecommunications and technology. As an example, Chapter 8 of the RCEP agreement is concerned with telecommunications services, products, and infrastructure, and contains statements that could make trades involving this section possible with a single agreement paper, if the product is manufactured for RCEP. Thus, with RCEP frameworks, transactions involving telecommunication products or services no longer necessitate several agreements for different parties under RCEP, but instead have a single reference for agreements within a product or service category. However, as of RCEP Agreement, the same degree of satisfaction cannot be achieved in electronic commerce (E-Commerce) because an agreement could not be reached on the principle of open data across several areas, as was the case with the previous agreement. This also raises the issue of IT security and privacy, which is particularly pertinent in the telecommunications industry, where sensitive data is routinely transmitted. These issues will be discussed in greater depth later in the discussion section. With the RCEP making it easier for countries under it to acquire and export products and infrastructure related to ICT and, more specifically, telecommunications, some parties are concerned about the security of data and the privacy of users.

The first half of the chapter focuses on RCEP, specifically on the importance of it as a discussion point in the context of ICT. The second half of the review paper focuses on the potentials and challenges of RCEP agreement and ICT. The next half of the review paper presents ideas on how to tackle the challenges faced by RCEP especially security and data privacy.

## **LITERATURE REVIEW**

The chapter's primary focus will be on RCEP and ICT products or services. As small and medium-sized (SMEs) businesses are now integrating themselves with

the internet technologies that have emerged as a result of technological advances in ICT. Another is the integration of enterprises with social media, which is considered an essential component of modern business operations, according to experts (Abuhashes, 2014). Businesses are rushing to implement numerous new ICT technologies in order to meet consumer demand. ICT also boosts businesses' worth by enhancing their online presence and running advertising campaigns on the internet and social media platforms. As well as increasing efficiency in the supply chain by reducing labor costs (Jafari, 2014), the integration of these technologies with businesses' information systems will allow for even greater efficiency in the future with the implementation of Industry 4.0, which will significantly reduce the cost of manufacturing and factory industry (Ericsson Consumer & Industry Lab Report 2018). It is the goal of this literature to examine how the growth of communications technology impacts the development of business (Swasdee *et al.*, 2020).

### **RCEP & ICT**

The Annex on telecommunication services is a part of the RCEP agreement that has a lot to do with technology. RCEP seeks to protect e-business and online data privacy by developing legal regulations that are consistent with international standards of relevant organizations for their trade partners, as stated in Article 12.7 to Article 12.8 of the RCEP agreement document (ASEAN, 2020b).

RCEP trade partners would prioritize the development of an effective, relevant agency to deal with issues of ICT, as stipulated in Article 12.13 of the agreement. This will allow them to collaborate and exchange policies in the area of cyber security, as stipulated in Article 12.13. (ASEAN, 2020b). This Annex aims to develop fundamental standards for the trade in public telecommunication services that will encourage RCEP members to improve their ICT infrastructure.

This agreement makes it easier for the parties involved in the trade of services to do business together (ASEAN, 2020b). Given that the RCEP recognizes that trade is becoming increasingly digital, the agreement promotes electronic commerce among RCEP members and advises them to use electronic communication to improve trade administration (ASEAN, 2020b).

ICT development is occurring more quickly in the world today, partly because of increased competition among industries in terms of speed, cost-effectiveness and management as well as governance and production practices. For the past 40 years, many technological advances have occurred, including artificial intelligence, robots, the internet of things, autonomous cars, nanotechnology, biotechnology, materials science, energy storage, and quantum computing, to name a few (Schwab, 2017). The Internet of Things, Big Data, 5G, and Artificial

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**CHAPTER 5**

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**Disruptive Innovation Reshaping Future RCEP****Norainie Ahmad<sup>1</sup>, Muhammad Anshari<sup>1,\*</sup> and Mahani Hamdan<sup>1</sup>**<sup>1</sup> *Universiti Brunei Darussalam, Institute of Policy Studies, Brunei Darussalam*

**Abstract:** The arena of technological advancements continues to grow due to changing market demands, which creates inevitable competition among innovators. Thus, this leads to the emergence of disruptive innovation. This chapter examines the relationship between the Regional Comprehensive Economic Partnership (RCEP) agreement and the advent of Disruptive Innovation. RCEP was signed in November 2020 by a total of fifteen countries, with the goal of advancing regional economic integration and exerting greater influence over the Free Trade Agreement (FTA). The main focus of this chapter is on assessing the benefits of disruptive innovation and trade under the Regional Comprehensive Economic Partnership (RCEP). We performed a literature review and applied SWOT analysis in order to assess the strengths and weaknesses of disruptive innovation, as well as the opportunities and challenges presented by the Regional Comprehensive Economic Partnership. Disruptive innovation can be beneficial to the majority of RCEP countries since it can raise market growth, increase profit, and increase the productivity of – and efficiency for, disruptive technologies used in manufacturing. On the other hand, the possible challenges may be detrimental to smaller emerging economies, whose employment rates may be adversely impacted, and local enterprises may be overshadowed as a result of the increased competition.

**Keywords:** Disruptive Innovation, Regional Comprehensive Economic Partnership (RCEP), SWOT analysis.

**INTRODUCTION**

On 15<sup>th</sup> November 2020, a new Free Trade Agreement (FTA) was signed. It is known as the Regional Comprehensive Economic Partnership (RCEP) Agreement, intended to widen and deepen ASEAN's interaction with Australia, China, Japan, Korea, and New Zealand. The Regional Comprehensive Economic Partnership (RCEP) is envisaged to facilitate regional trade and investment while opening up a new market and creating new employment possibilities within and between its players. The agreement is essentially an open one that includes rules-

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based multidimensional trading systems, among others (ASEAN, 2020). India was initially a member but withdrew its membership during the early stages of the discussion.

RCEP was initially announced in November 2011 during the 19th ASEAN summit, and since then, a number of intercessional and ministerial meetings, as well as more than 30 negotiations, have taken place to discuss the RCEP. Eventually, the leaders of 15 countries from the Asia-Pacific region signed the agreement in 2020. RCEP was developed to strengthen economic linkages, trade and investment activities, and to narrow the development gap between the signatory nations.

One of the objectives of the agreements includes establishing a comprehensive, high-quality, and mutually advantageous economic cooperation that will encourage trade and economic progress in this region while also benefiting all parties. RCEP is aimed at widening and deepening the present Free Trade Agreement. Indeed, RCEP has the potential to create considerable opportunities for enterprises in the Asia Pacific area, given that the 15 participating states have contributed to almost 30 percent of global GDP and more than a quarter of world exports. Its goal is to establish a framework focused on lowering trade barriers and achieving enhanced market access for businesses engaged in the trade of products and services in the region. The RCEP aims to achieve its goals by enabling and increasing the transparency of trading operations and investment contacts among its members, as well as by supporting the participation of SMEs in global and regional supply chains. It also emphasises the importance of ASEAN in the development of regional economic architecture, and it promotes economic integration as well as the strengthening of economic cooperation among the members of the RCEP.

This paper discusses the issue of whether or not RCEP can fully foster disruptive innovation that benefits society. Would the RCEP encourage enterprises and governments to share and benefit from these innovations? Are there any factors that could help enhance businesses from developed countries, which could be learned, transferred, or replicated in developing countries – and indeed, vice versa? In the absence of a more genuine perspective on the possible outcomes of disruptive innovations through RCEP, companies themselves can form a monopoly on an industry, thereby charging a much higher premium in a less competitive market and making these innovations financially inaccessible to consumers. Furthermore, in the absence of competition, innovation and technological development can get stunted because there is no pressure to continuously sustain innovation. As a result, the issue of who will genuinely bene-

fit from the trade of disruptive innovation between economies facilitated by the RCEP remains important and requires careful analysis.

## LITERATURE REVIEW

### Tariffs & Free Trade Agreement

Tariffs have been prominently covered in the news headlines as they shape the current global economic and trade scenario among the 'world's developed nations. So, what are they, and where do they affect production in a country? According to Deloitte Japan (n.d.), tariffs refer to taxation applied to each imported and exported good and service in which the costs are very significant that the host countries simply cannot ignore. In other words, tariffs or customs duty is an interchangeable term that serves two main purposes: generating revenue from imported goods and services while protecting domestic production (National Geographic Society, 2019). Even though tariffs are good for the home 'country's revenue, due to the increase in multidimensional international trade in the 20<sup>th</sup> century, tariffs are seen as barriers rather than facilitators, and they are receiving greater attention in trade negotiations aiming for reduction (Britannica, n.d.). As such, the Free Trade Agreement (FTA) between member countries must be used strategically when it is set out for international trade. According to International Trade Administration (n.d.-a.), the Free Trade Agreement (FTA) reduces the barrier to import and export between two or more countries that are made through a mutual agreement that includes goods and services trading, protection for the investors, and a 'country's rights for intellectual property. Globally, 400 FTAs, including the agreement, are still undergoing the planning stage, which is enormous in terms of their economic scale, the population it covers, and the number of countries involved (Deloitte Japan, n.d.).

There are two major FTAs that are currently known to the global business: The United States-Mexico-Canada Agreement (USMCA) and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). The United States, Mexico, and Canada Agreement (USMCA) agreement is basically a newly updated NAFTA agreement that had been used for twenty-five years, but with improvements in the laws especially related to industrial intellectual property (IIP), the internet, investment, state-owned enterprises and currency (Swanson & Tankersley, 2020). The International Trade Administration (n.d.-b.) basically refers to the USMCA as a 21<sup>st</sup>-century trade agreement in its high standard position that results from a free market, fair trade and expansion of growth in North America economically *via* mutually beneficial trade between Canada and Mexico. It focuses on three main areas: (1) Incentives to make cars in North America, (2) Stronger labour rules in Mexico, and (3) Open Canadian markets for



## Is Big Data a Disruptive Innovation to RCEP?

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**Abstract:** Big data does not only revolve around how much storage is needed for data, but rather its capability of assisting in many areas, such as economics, healthcare, educational institutions and others. Big data has a lot of potential to increase international trade. As the most significant free-trade agreement, the Regional Comprehensive Economic Partnership (RCEP) can utilise big data and related technologies to create fair and mutually beneficial trade. With the main characteristics of volume, variety, and velocity, big data provides strategic advantages for businesses that use it. The data can be processed using descriptive, diagnostics, predictive and prescriptive analytics. However, not all RCEP members have the same level of data processing capability. Therefore, this study examines how RCEP members utilise big data by extracting data from secondary sources. The results showed that each of the RCEP members' IT development also varies, and so does the use of big data. Therefore, decision-makers need to resolve issues related to data utilisation, especially in terms of digital literacy, security, and privacy.

**Keywords:** ASEAN, Big Data, Regional Comprehensive Economic Partnership (RCEP).

### INTRODUCTION

Big data is evidence of technological progress inseparable from today's business. Big data brings new possibilities and opportunities to advance business more effectively and efficiently, including international trade. The cross-border exchange of goods and services cannot stand alone from the exchange of data and information. The data becomes a reference and impetus for making better decisions to conduct international trade. The establishment of the Regional Comprehensive Economic Partnership (RCEP) is a giant leap for Southeast Asian regional trade. As the most significant free trade agreement to date, RCEP will be a gigantic-free trade with 15 members from 10 members of ASEAN, China, Japan, Korea, Australia and New Zealand. Of course, the role of data from 15 countries will be centered on creating modern collaborations and producing mutu-

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al benefits. Practical and competitive trading requires high-quality data to identify potential markets that drive economic growth. In addition, the presence of data can encourage investment policies and regulations to comply with market needs. Therefore, data collection that focuses on creating economic activity could be a priority for the policymaker.

## THE DEFINITION OF BIG DATA

Big data can be defined as data with three main characteristics: volume, variety, and velocity. Doug Laney first suggested the characters in 2001 (Kitchin & McArdle, 2016), which could be formed in structured, semi-structured, and unstructured data. The data is beneficial in machine learning applications, statistical modelling or other analytical methods. Usually, big data improve company operations, customer service, and digital marketing performance, which is expected to increase company revenue and profits (Anshari & Lim, 2017).

Businesses that use big data possess a competitive advantage because they can plan and access information faster than competitors (Sugiantoro *et al.*, 2020; Anshari *et al.*, 2019a). For example, an extensive data-driven marketing program can be employed to increase competitive advantage and conversion rates. Big data derived from historical data and real-time data can be analysed to enable faster business adaptation to changing market preferences. In addition, big data is now also commonly adopted in various fields. In financial services, big data is used by banks to minimise the risk of bad loans; in the transportation sector, big data is used to improve the supply chain by avoiding congestion or the closest route. The government has also begun to adopt big data for various purposes, such as building smart cities, disaster management, and crime prevention (Anshari *et al.*, 2019b; Zulkarnain *et al.*, 2017).

Volume, the first character, can be defined as a large quantity of data that requires advanced analytical methods to produce helpful information (Anshari & Almunawar, 2019). The data is usually stored not only on ordinary computer devices but also stored on a server or cloud. However, big data does not always mean large amounts of data, but it is integrated into the data source, such as streaming data and data logs.

Variety is the diversity of data sources taken not only from traditional sources. Data can be retrieved from social media, mobile phones, and health devices. Based on the type, variations of structured data can be in the form of financial reports and transactions. On the other hand, unstructured data can be text, documents, and multimedia taken from social media. Semi-structured data could be generated from activity log data on websites, sensors, or internet of things devices. Various types of these data can be collected and processed in one

application system. The application integrates different types of data through data processing (Anshari *et al.*, 2015; Zulkarnain & Anshari, 2016).

Furthermore, velocity means the speed of data growth and the availability in almost real-time. This fast-growing data also requires a fast processing system. Besides processing in daily, weekly, or monthly cycles, big data can be processed in near-real time to make decisions on the spot (Anshari & Almunawar, 2018). Machine learning applications or artificial intelligence greatly influence big data processing speed, where patterns and insightful information can be generated with automated processes.

As research and big data applications develop, several other Vs have been added to complement the previous 3 Vs. However, two popular additional v's are veracity and value. Veracity is data quality determined from credible sources. Data sources must be trusted. Data taken from various random sources can result in poor quality, so it would take a long time to be processed or cleaned (Anshari *et al.*, 2016a; Arifin *et al.*, 2017). Bad data causes analysis errors that reduce the effectiveness of the data. Furthermore, value means the capacity of the data to provide meaningful input to support stakeholder decision-making. Here, the user must confirm the benefits that provide value-added for organisations.

Big data is not stored in ordinary data warehouses based on relational databases. Relational databases can only accommodate structured data. Big data is stored in data lakes built using Hadoop, cloud services, NoSQL or other platforms. The big data repository can interact with other platforms, including conventional databases (Anshari *et al.*, 2016b; Mulyani *et al.*, 2019). Big data processing requires a powerful engine because it processes unstructured data. Popular engines in big data processing are Hadoop and Spark.

### **(Big) Data Analytics**

Data analysis is mainly divided into four categories: descriptive analytics, diagnostic analytics, predictive analytics, and prescriptive analytics. Each of these analyses has its benefits and objectives. The descriptive analysis uses data for statistics to describe events in the past. It helps businesses to understand past performance through visualisations such as graphics, charts, reports, and dashboards. The presentation format of the data is intended to be easy to understand (Anshari *et al.*, 2021b). This analysis is a fundamental analysis to prepare for further analysis. The basic form of descriptive analysis uses simple mathematics and statistics such as mean, median, and modus (Razzaq *et al.*, 2018).

**CHAPTER 7****Financial Technology Innovation - Peer-to-Peer (P2P) Lending in the RCEP Member States****Rayna Kartika<sup>1,\*</sup>**<sup>1</sup> Faculty of Economics, Universitas Andalas, Padang, Indonesia

**Abstract:** Regional Comprehensive Economic Partnership (RCEP) aims to strengthen the economy and the free trade agreement among 10 ASEAN member states (Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam) and five partner states (China, Japan, South Korea, Australia, and New Zealand). One of the ways to improve economic growth is to enhance the investment sector into start-ups and SMEs. Peer-to-peer lending platforms exist to ease the mechanism of funds lending and borrowing from investors to start-ups and SMEs. Currently, the rise of P2P lending, particularly in RCEP member states, has boosted the economic growth and development of technology. The government assistance in setting up the regulation regarding the mechanism of P2P lending has been carried out in order to create a clean and transparent practice of P2P lending among borrowers and lenders. Therefore, this chapter describes the introduction of RCEP member states and P2P lending and the mechanism for adopting P2P lending platforms in RCEP member states. P2P is indeed a platform that RCEP members can practice. However, the risks must be considered and addressed in order to prevent threats to their economic growth.

**Keywords:** Borrowers, Economic Growth, Lenders, Peer-to-peer Lending, RCEP.

**OVERVIEW OF THE RCEP MEMBER STATES AND PEER-TO-PEER LENDING**

Regional Comprehensive Economic Partnership (RCEP) is a free trade agreement involving 10 ASEAN member countries (Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam) with five partner countries (China, Japan, South Korea, Australia, and New Zealand). The world's largest free-trade block was launched in 2012 with the aim of deepening economic ties among the 16 Asia-Pacific Countries (Fig. 1). In 2015, it was originally planned to be completed but repeatedly missed deadlines; in 2016, six rounds' talks were held, and in 2017, the First RCEP Summit was

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held in the capital city of the Philippines, Manila. In 2018, the second RCEP Summit was held in Singapore, and in 2019, the talks accelerated when the 15 RCEP participating countries completed text-based negotiations and all market access issues in Bangkok, Thailand, with the aim of signing the free trade Mega Pact. That year, to be precise, on November 15, 2020, the RCEP agreement was agreed upon and signed by all ASEAN members and five partner countries at the 37th ASEAN Summit, which was held virtually with Vietnam as the host House.

The ASEAN General said the rapid ratification process by the signatory countries is a clear reflection of members' firm commitment to a fair and open multilateral trading system for the benefit of the peoples of the region and the world. The implementation of the RCEP Agreement, which started on January 1, 2022, will provide a tremendous boost to the post-COVID-19 economic recovery efforts.



**Fig. (1).** Regional Comprehensive Economic Partnership Member States.

Southeast Asia is a very strategic area in terms of trade, natural resources, and

also human resources. These factors are extremely attractive for other countries to cooperate and invest in because they have good prospects for the future. Countries in the Southeast Asian region also have a positive response by opening up and constantly innovating. The ASEAN Free Trade Area (AFTA) is a way to develop local production throughout ASEAN countries. Investment in the form of shares is still the attraction of the ASEAN region. The performance of the stock market tends to show a positive stretch. As a form of ASEAN's response to the dynamics in the global region, RCEP is believed to provide economic potential and market integrity of 3.2 billion people (45% of the population) and economic regions with a Gross Domestic Product (GDP) of USD 20 Trillion (28% of world GDP).

The Regional Comprehensive Economic Partnership will open a market network that will become an opportunity for countries in the world. Therefore, all countries must be able to enter the market, specially manufactured products that will provide added value to the intellectual property because the participating countries are also struggling entirely to agree on several provisions and respond to various dynamics of changes in the world economy in implementing the RCEP agreement, which is targeted to be ratified in the first quarter of 2021 due to global shocks caused by the trade war and the Covid-19 pandemic.

According to the Indonesian Minister of Economy, the implementation of the RCEP agreement will create many benefits for Indonesia, including certainty and uniformity of trade rules, a more conducive investment climate, increased business opportunities for goods and services as well as strengthening investment and integration into the Regional Value Chain (RVC). In a comprehensive and modern agreement, RCEP not only regulates market access but also contains several important features, such as the creation of a conducive electronic trading system (e-commerce) ecosystem and increasing the capacity of MSME actors, especially in terms of promotion and digital access to enter the regional supply chain.

RCEP requires its member countries to adapt to technology, and the financial sector is no exception. Now, anyone can send money only online, known as Peer-to-peer (P2P) Lending. The current growth is increasingly rapid, and it is easily accessible to people who still find it difficult to get loan funds. P2P Lending will facilitate access to loans that will help funds for education and health with their respective standards ranging from loan creditworthiness, and interest rates to security.

P2P Lending services are proliferating due to the ease of access provided to prospective borrowers, where prospective borrowers no longer need to bother queuing at banks or other financial services to get loan funds (Ahad *et al.*, 2017;

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**CHAPTER 8**

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**Regional Comprehensive Economic Partnership (RCEP) and ASEAN Sustainable Development Goals****Blessing Gweshengwe<sup>1,\*</sup>**<sup>1</sup> *Department of Rural and Urban Development, Great Zimbabwe University, Zimbabwe*

**Abstract:** An economic partnership can play a significant role in poverty reduction in the countries involved. The partnership's contribution to poverty alleviation is, however, a function of its scope and the nature of participating countries, which could be constrained by various factors. Considering this, the chapter addresses the question of whether the RCEP can contribute meaningfully to the achievement of the UN Sustainable Development Goal 1 within the ASEAN region. This aspect is yet to be subjected to scholarly examination. The chapter examines the potential of the RCEP to help ASEAN countries to eradicate poverty, the factors that could jeopardise this endeavour and the measures that could be taken to address these factors. Findings show that the RCEP could indeed contribute to the realisation of Sustainable Development Goal 1 in ASEAN countries since it has the potential to contribute to poverty eradication. This is because of the partnership's capacity to, among other aspects, drive economic growth, boost real convergence and optimise the poverty eradication potential of Micro, Small and Medium Enterprises in the ASEAN region. This contribution may, however, be jeopardised with the advent of adverse events like the COVID-19 pandemic, and because of political instability in some ASEAN countries. In order to mitigate the impact of both of these challenges, ASEAN countries could reinforce their social protection systems, intensify their commitment to the RCEP and address the needs of the losers in the RCEP.

**Keywords:** ASEAN, Economic Integration, Poverty Reduction, Regional Comprehensive Economic Partnership, SDG 1.

**INTRODUCTION**

The world is currently grappling with the scourge of poverty (Gweshengwe *et al.*, 2020a). In 2020, 1.7 billion people in 107 countries were found to be multi-dimensionally poor and global levels of extreme poverty rose, for the first time in over 20 years, due to the COVID-19 pandemic (UNDP & Oxford Poverty and

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Human Development Initiative, 2020; World Bank, 2020). In the ASEAN region, the incidence of poverty is high in countries such as Myanmar, Lao People's Democratic Republic, the Philippines and Cambodia, and it is low in countries such as Brunei Darussalam, Singapore and Malaysia (Asian Development Bank, 2020; Gweshengwe, 2020; Gweshengwe *et al.*, 2020a; UNDP & Oxford Poverty and Human Development Initiative, 2020; Sumarto & Moselle, 2015; World Bank, 2019). Poverty eradication is, therefore, the most significant priority of both developing and developed countries (Mansi *et al.*, 2020). Accordingly, in 2015, the United Nations made the elimination of all forms of poverty throughout the world the primary goal (SDG 1) of the 2030 Global Agenda for Sustainable Development (Atkinson, 2019; United Nations, 2015).

ASEAN countries, like other member countries of the United Nations, are working towards achieving SDG1. The question that arises is: can the Regional Comprehensive Economic Partnership (RCEP) – an economic grouping of ASEAN countries, China, Japan, Korea, Australia and New Zealand ratified in November 2020 – help ASEAN countries to make significant strides towards attaining SDG1? Economic partnerships have enormous potential to contribute to poverty eradication, but their success depends on the scope of the partnership, the structure of the economies involved and the constraints faced by poor people, among other factors (Ayuk & Kabore, 2013; Gasiorek *et al.*, 2016; Martuscelli, & Gasiorek, 2018; Sala-i-Martin, 2007; Southern Africa Trust, 2011). Thus, an economic grouping can positively affect poverty reduction efforts in some of the countries involved and negatively affect others. The East Africa Community, for example, had a positive impact on poverty alleviation in Rwanda, Tanzania and Uganda but did not really have a meaningful impact on poverty reduction in Burundi (Gasiorek *et al.*, 2016). In the example of *Bienvenidos al Mercado Común del Sur* (MERCOSUR), poverty reduction indices were positive for Uruguay but negative for Paraguay (Borraz *et al.*, 2012).

It is, therefore, crucial to ascertain whether the RCEP could contribute to the achievement of SDG1 within the ASEAN region. To this end, the current chapter examines the poverty eradication potential of the RCEP in ASEAN countries and the challenges that could impede the partnership's potential for poverty eradication in these countries. The chapter also proffers recommendations on how ASEAN countries can maximise the poverty eradication potential associated with the RCEP. The findings of this chapter could be of use in shaping ASEAN countries' efforts toward attaining SDG1. The potential of the RCEP to contribute to poverty eradication in ASEAN and other countries involved in the partnership is yet to be subjected to scholarly examination. The findings of this chapter are, therefore, also expected to trigger scholarly debates on economic partnerships and poverty eradication, especially in the ASEAN context.



## METHODOLOGY

This chapter contains secondary data drawn from different sources, which were purposively selected based on the aim of the study. Data about the scope and nature of the RCEP and participating countries was drawn from RCEP leaders' statements. The chapter also contains government reports and publications from development and research institutions for data on economic integration and socio-economic development in ASEAN and other countries used as examples in the chapter. Lastly, data on the economic growth trend in ASEAN countries (Fig. 1) was extracted from the World Bank.

### Poverty Eradication Potential of The RCEP

The RCEP has the potential to contribute to poverty eradication within the ASEAN region by spurring economic growth, boosting real convergence, capitalising on the region's firm commitment towards redistributive policies, enabling the sharing of policy experiences and optimising the poverty eradication potential of Micro, Small and Medium Enterprises. These poverty eradication opportunities are explained in detail hereunder.

### Economic Growth Opportunity and Poverty Eradication

The RCEP has a significant capacity to drive economic growth within the ASEAN region. As the world's largest economic grouping, it had a combined GDP of USD 26.2 trillion (nearly 30% of the Global GDP) and accounted for about 28% of global trade in 2019 (RCEP Leaders Statement, 2020). Its scope covers trade liberalisation investment and competition promotion, economic and technical cooperation and dispute settlements (RCEP Leaders Statement, 2012), which are engines of economic growth (Ayuk & Kabore, 2013; Bui *et al.*, 2016; Lee & Vivarelli, 2006; Moyo, 2018; Sala-i-Martin, 2007). Trade liberalisation, for example, fuels economic growth in countries like China, Singapore, Hong Kong, Malaysia and Indonesia (Amiti & Konings, 2007; Moyo, 2018; Sala-i-Martin, 2007). Conversely, trade restrictions tend to stifle economic growth, as was the case in South Sudan (Varela *et al.*, 2016). The ASEAN countries are ready to seize the opportunity for economic growth. They have conditions for and have implemented economic policies that are conducive to economic growth, as evidenced by the sustained economic growth that they have experienced in past years (Asian Development Bank, 2021; KPMG International Cooperative, 2015; Maude, 2021; Vu, 2020).

Economic growth is a key instrument for poverty eradication (Moyo, 2018; Rao, 1998; Son & Kakwani, 2004). It accounts for the substantial reduction in global poverty that has been recorded in the past years (Barro & Sala-i-Martin, 2004;

## Regional Trade Deal with China for a New Digital Economy

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**Abstract:** The Regional Comprehensive Economic Partnership (RCEP) will be one of the most important free trade agreements in the history of the Asia-Pacific region and the world. Its objective is to improve trade ties across the Asian-Pacific region's economies. In the midst of the COVID-19 pandemic that has spread over the world, it has emerged as a topic that can have an influence on business. As China is one of the RCEP members that possesses a strong economic background, the country is innovating in the way it trades by taking advantage of the digital economy; even during the pandemic. It is apparent that China's economy benefits from this strategy to some extent. This study is an exploratory research using secondary data to investigate whether or not the RCEP will pose as a new economic platform in the Asia-Pacific region. The findings show that China's economy recovers partly due to the implementation of this digital system, becoming the world's first to do so. Throughout the outbreak of COVID-19, the country has demonstrated that it is inventive and capable of supporting its economy and speeding its development. The RCEP agreement will have a greater impact on China and on the participating members.

**Keywords:** Asia-Pacific, China, Digital Economy, Regional Comprehensive Economic Partnership (RCEP).

### INTRODUCTION

The Regional Comprehensive Economic Partnership (RCEP) is a free trade agreement between countries in the Asia-Pacific region (FTA). According to Seth (2020), the RCEP would form the world's largest trading bloc and will be a key milestone for China as it competes with the United States for regional leadership and economic domination. It was envisioned that the Regional Comprehensive Economic Partnership would be a means of strengthening trading links among Asia-Pacific countries while also encouraging commerce and economic growth in

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the area. The RCEP is significant primarily for economic reasons (Trada, 2018). As a cornerstone for the multilateral trading framework, the agreement can consolidate regulations and streamline market activity across Asia-Pacific's several competing free trade agreements. The worldwide implications of the RCEP, on the other hand, are crucial since it has the ability to build a new framework.

The Regional Comprehensive Economic Partnership (RCEP) represents a commitment to go forward in the direction of greater regional integration. By building on the existing market structure, trade patterns, and potential investment, the agreement may be able to assist in improving intra-regional trade while also encouraging investment ties and strengthening further regional cooperation. This is possible because of the current global economic and political instability. As a result, trade, foreign direct investment (FDI), and value chain integration will all experience significant economic effects of the Regional Comprehensive Economic Partnership (RCEP), which will have implications both within and outside the community in the country itself, as well as posing new challenges to existing supply chain systems (Low & Anshari, 2013). It is necessary to consider the political and economic aspects of the decision and environmental aspects.

In addition to being a worldwide concern, the Covid-19 epidemic has far-reaching effects on many aspects of society and economic life, some of which are irreversible. The impact of the pandemic has produced a separate global recession, the deepest in more than eight decades (Fu, Zhang, & Wang, 2020, as cited in World Bank, 2020). In China, after the outbreak of Covid-19, the disease significantly impacted the country's economy by limiting worldwide economic development, consumption and investment (Anshari *et al*, 2021b). This has had a negative impact on China's foreign trade and cross-border capital flows on both the supply and demand sides of the economy. Studies are being undertaken to determine China's impact on trade and FDI (Foreign Direct Investment), with FDI playing a part in aiding the Regional Comprehensive Economic Partnership (RCEP), as indicated by Fu, Zhang, and Wang (2020). They revealed that China's exports and imports, as well as foreign direct investment (FDI) in the country, all experienced significant declines in the first quarter of 2020 (Duan, Zhu & Lai, 2020). China's exchange and foreign direct investment (FDI) measures have improved significantly since the second quarter when many nations' restrictive policies were repealed. These metrics are currently increasing at a positive rate in the third quarter. As a result, it appears that the pandemic has only a limited impact on trade and that foreign direct investment (FDI) is only temporary. To facilitate China's trade and outward FDI in the post-pandemic period, they recommend a variety of countermeasures related to risk reduction, creativity, opening up, e-commerce, and logistics system growth.

China responded to the pandemic by making certain modifications to its economic structures, with a particular emphasis on the role of digital technology as a response. The Chinese economy was the first to recover from the pandemic, and its V-shaped recovery provides cause for optimism for the rest of the world's post-pandemic recovery as a result of the virus (Fu, Zhang & Wang, 2020). Conventional ways of working and conducting business have been transformed as a result of the stringent restrictions, which have spurred change and growth in a variety of industries, particularly through the application of digital technologies. According to a survey, the pandemic hastened worldwide digitisation at the corporate and business levels, as well as at the individual level (Fu, Zhang, and Wang, as cited in McKinsey & Company, 2020).

The pandemic operates as an accelerator for the Chinese digital economy in general, with a specific emphasis on the banking industry (Ba and Bai, 2020). These authors agree that the use of digital technologies to assist with equitable finance and supply chain management has aided firms in restoring development as quickly as possible, which has proven critical to the economy's swift recovery. Moreover, Covid-19 has accelerated economic transitions by strengthening domestic industry chains and raising the rate of growth in innovative activities (Swasdee *et al*, 2020). This chapter examines the Regional Comprehensive Economic Partnership (RCEP) from the perspective of China, as well as the foundations of its digital economy.

## **LITERATURE REVIEW**

The Regional Comprehensive Economic Partnership (RCEP) is a free-trade agreement between ASEAN member states and the remaining five regional countries (Australia, China, Japan, South Korea and New Zealand). When all participating nations join, it is estimated that the RCEP will contribute 30% to the global economy and unite 30% of the world's people (Peter & Michael, 2020). The RCEP collaborated with the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) to enhance northern and Southeast Asia by efficiently connecting them and improving their technological, manufacturing, agricultural, and natural resource capacities (Peter & Michael, 2020). China is unquestionably the beneficiary of these deals and would stand to benefit the most. When the RCEP is in action, China's economy will undoubtedly benefit. According to Robert Ward's IISS blog post, the RCEP would increase Asia's interdependence, resulting in Asia becoming closer to China, where their supply chain is in great demand. As a result, they are able to attract foreign investors and business people to engage in the economy.

## Empowering The Underprivileged Community through Social Innovation and Entrepreneurship

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**Abstract:** There is increasing awareness of being socially responsible and the need to address social problems involving various key stakeholders in the public and private sectors, the corporate world and businesses, as well as the community. With social issues experienced globally, such as introducing diversity in society and eradicating poverty, it is imperative to use social innovation to improve or replace the way things are currently done. The purpose of this paper is to analyse the impact of social innovation on entrepreneurship as a way of providing stable income to underprivileged and unemployed segments and youth. It discusses key elements that support the development of entrepreneurship to ensure sustainability and growth, to ensure the underprivileged segment and youth will continue to earn income, thus reducing reliance on welfare assistance support. The research was conducted based on interviews and observation methods. Two significant projects were investigated that employed the social innovation model, how they were applied, and the implications to the society that participated in these projects. These include the processes, the role of individuals and the collective action of key strategic stakeholders in managing and structuring the programmes. We conclude with the importance of entrepreneurship in driving economic growth and empowering the targeted segment, such as the underprivileged, through entrepreneurship to provide employment and sustainable income. Recommendations include: managing social issues, uncover the importance of social inclusivity, introducing social innovation to develop individuals and drive economic growth, involvement of all parties from the public and private sectors, as well as non-profit and non-government organisations to expand the initiatives to include those who are entitled to receive the support.

**Keywords:** Social Innovation, Social Entrepreneurship, Underprivileged Community.

### INTRODUCTION

There is increasing awareness of being socially responsible and the need to address social problems involving various key stakeholders in the public and

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private sectors, as well as the corporate and businesses and the community included (Cunha, Benneworth and Oliveria, 2019). Rising social issues experienced globally, such as diversity in society and eradicating poverty, has made it imperative to use social innovation to improve or replace the way things are currently done (Lettice and Parekh, 2010). Social innovation has the ability to attend to the main social problems faced by humanity in a more efficient way (Portales, 2019). Social issue is impacting society worldwide, including Brunei. A drop in the oil and gas business in 2013 impacted Brunei and resulted in a downward spiral in economic activities, an increase in unemployment, and the community seeking welfare assistance from relevant government agencies. Compared to ASEAN countries, Brunei has the highest youth unemployment rate at 28.4 percent in the region (The Scoop, 2019). The ASEAN Post reported that GDP per capita in Brunei has dropped significantly over the past five years or so (Ariffin, 2018).

The concept of social innovation emerges as part of the search to find new ways of coordinating and mobilising local problems. This has also been a result of rapid positioning and effort on the part of many organisations, companies, and institutions to generate this type of innovation. There is no agreed definition of the concept; however, all approaches mentioned the interest of creating social change by addressing a specific need or specific problem. Likewise, social innovation is a new area in the context of Brunei, but today is key in advancing ideas, technology, and process forward to remain competitive, earn a sustainable income and grow the economy. The promise of social change by social innovation leads to the position of the concept within the agenda of governments, companies, non-profit organisations, and academia, who, through various initiatives, promote their development from a practical perspective. As a consequence of this impulse, the generation of initiatives of all sectors of society to encourage the creation of a greater number of social innovations, especially in contexts characterised by exclusion, marginalisation, and poverty. This is significant for Brunei's economic diversification strategy, as developing a diversification strategy is foremost crucial towards promoting high economic growth and developing high-quality employment that can be appropriately distributed among the people in Brunei (Bhaskaran, 2010).

The purpose of this study is to examine the impact of social innovation on society by looking into the entrepreneurship initiative that has been implemented by Bank Islam Brunei Darussalam (BIBD) through its Corporate Social Responsibility (CSR) initiative under the Empowerment Initiative for Social Safety Net, that is BIBDSeed programme, as a case study. The study investigates the determining factors that instill empowerment and sustainable business ventures that address issues of unemployment and poverty, providing greater impact to broader

segments of society such as youth and women. The study also analysed how social innovation and entrepreneurship lead to the creation of employment for different target segments and further contribute towards generating sustainable income and supporting the improvement of the socio-economy of the country.

## **INTRODUCTION**

Brunei experienced a challenging period due to economic adversity from a drop in the oil and gas price in 2013. Consequently, its economic activity slowed down, and this triggered the public and private sectors and other institutions to take cautious and prudent measures in spending, including holding off on the recruitment process (Cheong *et al.*, 2016). Because of this, the situation further aggravated the unemployment (approximately 9% unemployment rate) situation due to limited job availability. In his report, Bhaskaran (2010) highlighted that despite many notable and appropriate suggestions to take advantage of some of the strengths of Brunei, the country has not been successful in making substantial development toward diversification. He added that economic diversification is not progressing as expected due to the country's continuous reliance on the oil and gas industry.

The social issue of unemployment has significant implications on human existence, especially on the well-being of the community (Jakimovski, 2010), and an extensive period of unemployment cause major challenge in development initiatives and its detrimental effect is the loss of earnings. Inadequate educational attainment can also lead to a lack of employment opportunities, and long-term unemployment contributes to the inability to earn a steady income. Additionally, relatively low income or single income earner for a family means their inability to sustain the basic standard of living. This is a condition in which people lack the minimum amount of income needed in order to maintain the average standard of living in the society where they live.

Based on UN Millennium Development Goals (MDG) Report in 2011 stated that 5.04 percent of Brunei's population falls below the poverty line. This was further supported by statistics released in 2012 by the Department of Community Development (JAPEM), Ministry of Culture Youth and Sports and the Brunei Islamic Religious Council (MUIB), Ministry of Religious Affairs, reporting that up to 20,790 individuals live below the poverty line ([www.thepovertyline.net/brunei](http://www.thepovertyline.net/brunei), 2015). As reported by Kakar (2017), Brunei does not have enough information to support the claim made in regard to poverty status and threshold. The poverty line in Brunei is set in accordance to the standards and policy under Majlis Ugama Islam Brunei (MUIB) and Jabatan Pembangunan Masyarakat (JAPEM), which is based on the net income after the deduction of

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