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**GO**  **SOUTH**  
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ON THE GLOBAL SOUTH

**International Order Beyond the Pandemic:  
Repositioning of the Global South**

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Proceeding

# GO SOUTH Annual Convention on the Global South:

International Order Beyond the Pandemic: Repositioning of the Global South

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# Global South Opportunities and Challenges in Facing Digital Economic Transformations

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## Abstract

*This research aimed to analyse digital technology transformation which marks the changes in economic sector through Digital Economic Transformations in Global South scope. This research used digital economy concept to show the transformation process from conventional economy to digital economy, marked by the increasing number of e-commerce platform appearances. This, for Global South, affected its political, economic, and sociocultural aspects. Digital Economic Transformations eventually brings its own opportunities and challenges for Global South to be able to better raise their bargaining position in the global economy. Using the theory of bargaining position, this research explained the Global South's efforts to respond to the challenges by establishing digital economic cooperation with countries of the South (South-South Cooperation) to improve Global South's bargaining position in facing challenges in digital economy era.*

Keywords: Digital Economic Transformations, Global South, South-South Cooperation

## Introduction

Innovations in technology, such as artificial intelligence (AI), robot, the internet, autonomous vehicles, 3D printing, nanotechnology, biotechnology, quantum computing, and many other forms of new technology, have shown that the world has entered digital-based technological development era (Schwab, 2016). The Digital technology era with various innovations marked significant changes in many sectors, one of which is the economic sector. This paper will discuss digital technological development in the economic sector, which shapes a new economic model: Digital Economic Transformations. In addition, this paper will focus on the Global South. The Digital Economic Transformations economic model brings a lot of opportunities and challenges for them to strengthen their positions in the global economy through south-south cooperation.

Through Digital Economic Transformations, the conventional economy has changed into a digital-based economy. The digital-based economy can connect all aspects of production, consumption, transportation, and even delivery systems using an internet connection and computer (Hilbert, 2001). This connection finally facilitates the public in economic activities and triggers the appearance of many e-commerce platforms in the global society. Furthermore, the appearance of these e-commerce platforms creates an online market where sellers and buyers conduct transactions on e-commerce platforms. This brings opportunities for every country to improve their economy and development.

Southern countries welcome the opportunities presented by the Digital Economic Transformations economic model. They consider the existing opportunities such as increasing technology, increasing investors, sharing economy, availability of jobs, innovation, and entrepreneurship to provide fresh air for economic growth (Bastion & Mukku, 2020). However, on the other hand, Digital Economic Transformations also pose challenges for the global south, especially with regard to their efforts to maximise existing opportunities that affect their position in the global economy. Moreover, southern countries are required to survive amid competition with northern countries with a digital economy model. People are aware that southern countries have a level of economic stability that is below northern countries. Based on a report from the United Nations, in 2020, the economic growth rate of southern countries was only 2.8%, while northern countries had an economic growth rate of 3.8% (UN, 2020). Therefore, as an effort to answer the challenges amid the digital economy model and improve a better bargaining position in the global economy, southern countries have formed South-South Cooperation. Thus, cooperation between southern countries (South-South Cooperation) can become an arena for the bargaining position of southern countries.

### **Conceptual Theory: Digital Economy**

The concept of the Digital Economy began to be discussed in the 1990s where globalisation has brought rapid technological developments. Tapscott defines a digital economy by arguing that the digital economy is an economic activity that includes information, communication, or interactional activities via the internet (Tapscott, 2014). The concept of the digital economy emphasises the relationship between the new economy, new business, and new technology. Adding the definition from Tapscott, Kehal suggests that the digital economy concept is new in economics based on computer technology, innovation, information, and creativity in developing economic potential (Kehal & Singh, 2005). The digital economy also integrates communication, computing, and information that creates a digital-based market.

Furthermore, Brennen and Kreiss also argue that the digital economy causes the digitisation process in the economic sector. Digitisation in the economic sector is defined as a business transition process using digital technology, products, and services (Brennen & Kreiss, 2016). These digital products and services in the future will facilitate faster change than in other high-tech-based sectors. The concept of the digital economy continues to develop along with changes in global community economic activity and technological developments. Currently, the digital economy is a concept that refers to technology, the internet, or innovation and refers to the growth of e-business and e-commerce. E-business and e-commerce elaborate digital advances, the internet, and creativity into a digital platform that provides a meeting place for sellers and customers. This then changes economic activity from conventional (offline) to digital (online). This online-based economic activity eventually gave rise to a new model in the economy, namely Digital Economic Transformations. The economic model can have a tremendous impact on the global community.

The concept of the digital economy was used in this study to assist in answering the emergence of a new economic model of Digital Economic Transformations, which starts from the digital economy process with various supporting aspects. Then, this concept might make it easier to

analyse the opportunities and challenges presented to southern countries due to the presence of this economic model.

### **Bargaining Position**

At the beginning of its emergence, the bargaining position theory was defined to describe the global security situation in the study of international relationships. This is related to a war situation where each country is bargaining to secure their respective countries. Countries want peace and security. For this reason, countries negotiate with each other to reach a peace agreement. Bargaining position theory was born from the negotiation process, where Robert Putnam suggested that bargaining is a negotiation on the terms contained in the agreement. Often bargaining has “rules of the game” where one actor can make a request or offer, and another can accept or reject it (take-it or leave-it) (Putnam, 1988).

Furthermore, bargaining involves strategic dependence in decision making. Therefore, bargaining is intended by actors to achieve a strategic and better bargaining position on a particular issue. The asymmetrical relationships and strengths are also mentioned as a driving force for an actor to bargain. Asymmetrical relationships and power allow one actor to get more results (Schmitz, 2013). Thus, it is feared that it can suppress other actors. Therefore, the bargaining position is used as a way to reduce the asymmetrical relationship and strength. The resulting agreement commonly can be in the form of an agreement or collective bargaining.

The theory of bargaining power was popularised from economic issues by Sidney Webb and Beatrice Webb through their book entitled *Industrial Democracy*. The bargaining position discussed by Webbs concerns an asymmetrical relationship in the industrial sector, especially for trade unions, which then encourages a bargaining position for them against institutions (Hameed, 1970). Thus, the definition of bargaining position in economic issues continues to be related to state power in global trade, which gives birth to a negotiation process between countries. Bargaining position itself is defined as the effort of one actor to maintain the best price in any situation in the market. This definition indicates that the state, in this case, the economic actor, always tries to maintain its bargaining power to compete in the global economy.

When associated with this research, bargaining position theory might explain the context of the capability of southern countries in initiating cooperation between them (south-south cooperation). Furthermore, this theory might also help look at how much southern countries can engage in the global economy through the phenomenon of digital economic transformation.

### **Finding and Discussion: The Development of Digitalization**

Globalisation is a phenomenon that marks the process of modernisation that cause the current world to have no boundaries. Modernisation brings extraordinary developments to human life, one of which is technology development (Croucher, 2004). The development of technology is inseparable from the history of its development which began during the industrial revolution. At that time, technology in the form of a steam engine was invented to help increase production. Since then, technological developments have continued with discovering new energy sources in the form

of electricity. Electrical energy is used to develop various electronics, one of which is a computer (Stearns, 2020). A computer is a device that can execute certain commands using a programming language and a chip. The initial computer design was in a large tube that took up a lot of space. However, as time goes by, computer design continues to improve until finally, at the beginning of the 21st century, computers have smaller and thinner designs than before—the development of the internet as a means of communication. The Internet provides networks and search engines to facilitate the lives of global people. The combination of computers and the internet started the world into the era of digital technology development.

Klaus Schwab argues that digital technology combines more sophisticated and globally integrated hardware, software, and internet networks (Schwab, 2016). The result of this can change people's lives and the global economy. The capabilities of this digital technology foster a variety of innovations that have never existed before. Innovations such as nanotechnology, the digital economy, renewable energy, and up quantum computing are some of the innovations resulting from the development of digital technology. Furthermore, digital technology creates a perfectly integrated world through digitisation.

The growing phenomenon of digitalisation has changed various aspects, both politically, socio-culturally, and economically. Digitalisation is closely related to democratic values and political participation (Kaufman & Jeandesboz, 2016). Online media, which thrives through digitisation, can disseminate information and knowledge to the public to facilitate people finding out the government's running easily. For the government of a country, online media is considered capable of being a bridge between the government and the community to encourage public political participation towards the fulfilment of democratisation for a country. Advances in digital technology also affect public opinion, which is very decisive in electing a country's leader or representative of the legislature (Wettstein & Wirth, 2017).

Furthermore, digital technology can influence a country government's decision-making process to realise better public services for the community. Many countries compete to create "smart cities" using integrated infrastructure through digital technology, namely the internet and the web (Serrano, 2018). The formation of "smart cities" means signifying the level of progress and modernity of a country.

Then, in the socio-cultural field, digital technology has an impact by changing at the micro-level, namely the daily routine and culture of the community. The internet, the web, and search engines have become the driving force for this societal change. They have transformed society into a practical and instant society. This is because the internet, the web, and search engines provide all the information that society needs (Schroeder, 2018). As a result, traditional sources of information are slowly being replaced because they are considered impractical by most people. Nowadays, it is not surprising that people are familiar with Google, Wikipedia, Yahoo, Bing, Baidu, and Yandex (Ziakis, 2019). People can easily access it via their smartphone or computer.

The impact of digital technology in the socio-cultural field is also closely related to social media, which causes lifestyle changes in society. Social media is an online platform used by people to build social networks or social relationships. Social media platforms allow users to have conversations,

share information, and create content (Akram & Kumar, 2017). Social media can also be interpreted as a term that describes community interactions, either individually or in groups, where they share ideas, images, or videos via the internet in virtual or online communities. The presence of social media is considered an innovative idea that provides a more efficient way of communicating. People can easily communicate and even get information from all over the world without limits.

Popular social media such as Facebook, Instagram, Twitter, YouTube, Pinterest, or TikTok, have become an important part of people's daily lives and even coexist with their 'offline' lives (Wang, 2016). The community quickly accepts a series of social norms through social media, forms relationships patterns, and creates virtual or 'online' socialisation spaces. This socialisation space allows the community to interact both synchronously and asynchronously (Replogle, 2014). Peter John Chen argues that the interactions that are built through the socialization space in social media are divided into three, namely structured (such as interaction patterns in blogs), semi-structured (such as discussion with other people in the Facebook social network), and unstructured (such as those found in the Twitter where the interactions formed are bound by the same hashtag or topic (Chen, 2013).

After discussing the impact of digital technology in politics and socio-culture, then the impact of how digital technology on the economy was discussed. Digital technology has changed all aspects of the economy by integrating communication technology, the internet, the web, and ideas and innovations into every economic activity of the community, whether related to products or services (Malecki & Moriset, 2008). Atkinson and McKay said that the process of integrating digital technology into economic aspects in the future brings changes in economic growth and prosperity (Atkinson & Mckay, 2007). The sophistication and convenience brought by digital technology are rapidly spreading into the economy and not only supporting the industrial, manufacturing, and service sectors but even the agriculture, fisheries and mining sectors, currently using digital technology. This is because the results obtained using digital technology can be maximised.

With the integration of digital technology in the economic field, observers say that the world is entering the next stage of the economic revolution, namely through the digital economy. The digital economy is described as the extensive use of information technology (hardware, software, applications, and telecommunications) in all parts of the economy, including company, government, and non-profit internal processes and transactions between organisations and individuals (Atkinson & Mckay, 2007). Woodall added that the digital economy is a concept for the new economy in the structural shift from an industry-based economy to the internet and information-based economy (Sharma, Wickramasinghe, & Gupta, 2004). In the new economy, there are other concepts besides the digital economy. There are other concepts besides the digital economy, such as 'knowledge-based economy,' 'borderless economy,' 'weightless economy,' 'networked economy,' 'the information-based economy,' and 'the networked economy' (Kehal & Singh, 2005). The concept of the digital economy with the integration of technology and digitalisation in all aspects of the global economy ultimately forms a new economic model called Digital Economic Transformations.



## Digital Economic Transformation Phenomenon

Digital economic transformations are a new economic model based on the concept of the digital economy. Klaus Schwab popularised the term digital economic transformation, which refers to transforming the conventional economy into a digital one by integrating the internet and information (Schwab, 2016). Digital economic transformation combines digital-based technology into production processes, production results, and marketing or sales strategies. This economic model is more involved in serving the workforce and customers to increase the ability to compete in the economy. The development of digital economic transformation is closely related to several data-based technologies, where technology is the driving force for digital economic transformation. These technologies are blockchain, data analytics, artificial intelligence, 3D printing, the internet of things, automation & robotics, and cloud computing (Śledziwska & Włoch, 2021).

Changes in all aspects of the digital-based global economy have encouraged innovation in the business sector with the emergence of economic platforms that are popularly known as e-commerce. The growth of e-commerce is very rapid by providing various products and services in one digital platform. Naturally, the growth of e-commerce is driven by the needs of people who want convenience in conducting economic transactions. Electronic Commerce or e-commerce is the exchange and processing of business transaction information using computers connected via the internet network (Gangopadhyay, 2001). E-commerce has a unique advantage in business that allows a business or shop to be open 24 hours a day for seven days (Kehal & Singh, 2005). Therefore, the economic activities carried out by e-commerce are not limited to time zones and regions. In a marketing or advertising strategy, e-commerce can directly advertise products or services offered directly to customers without going through other media. Thus, the marketing can be done more effectively and more able to reduce production costs.

Currently, economic activities are carried out traditionally where sellers and buyers meet directly to make buying and selling transactions. It is said that the economy is done offline. However, since the presence of e-commerce, the economy is done offline and is done online. E-commerce provides a place for sellers to sell their products and services on a digital platform. This allows sellers and buyers not to have to meet face-to-face in conducting economic transactions. Based on this, e-commerce has a tremendous impact on international trade. Trade conducted through e-commerce can be more efficient and increase productivity with low production costs, storage costs, and input costs (Gawer, 2009). Business efficiency in e-commerce permeates the entire value chain and certainly has a significant impact on other business interactions.

The trade revolution with the emergence of e-commerce in the digital economic transformations model ultimately impacts the rise of digital economic platform companies. Google, Amazon, Etsy, Facebook, Uber, Salesforce, eBay, and other platform companies' platforms create an online structure for working, socialising, creating economic value, and creating competition for profit (Kenney & Zysman, 2016). Kenney and Zysman add that the economic platforms created by these companies are divided into two functions and structures, namely retail platforms (Amazon, eBay, Etsy, et cetera) and service-providing platforms (Airbnb, Uber, Lyft, and others). Digital economic platforms in global trade continue to grow and ultimately shape political, economic, and social interactions.

Furthermore, these platforms also provide a new economic business model, namely the creative economy and the sharing economy (Gawer, 2009).

### **Digital Economic Transformation in South**

The digital-based economic transformation in its development is felt by all countries, including the global south. Based on data from UNCTAD, the development of a digital-based economy globally reached 79% in 2019. The global south itself experienced a growth of 13% of the total development of the global digital economy (UNCTAD, 2020). Although there is a large gap with the global north, this figure is sufficient to illustrate that the digital economic transformation in southern countries has begun to experience significant developments. Previously, the development of the digital economy in southern countries was only around 3% in 2017 (UNCTAD, 2020). This is because southern countries still prioritise conventional-based economies, and they still have limitations in developing technology.

A decade ago, the economy was still conventional based on the high oil, gas and mining sectors. This is because digital-based technology has not yet been developed. However, the current economic trends with the technology and consumer service sectors that provide goods and services (UNCTAD, 2020). The development of digital-based technology then followed the increase in the technology and consumer service sectors. The development of digital-based technology then followed the increase in the technology and consumer service sectors. This digital-based technology is mostly developed in the economic sector. Therefore, considering that the economic sector plays a significant role in development.

Furthermore, the progress of the digital-based economy globally is driven by the level of internet speed used to access various digital platforms. Based on a report from UNCTAD, global internet speed will increase in 2020 with a speed of 150,700 GB per second. This speed increased from the previous year, with only 122,000 GB per second (UN, 2020). Southern countries also feel the progress in internet speed by getting technology transfer from northern countries. For southern countries, the average internet speed is 100,000 GB per second (UN, 2020). This figure is sufficient to illustrate that the progress of the internet in southern countries is slowly starting to increase. However, not all southern countries feel the development of the internet. Internet development is still centred on the Asian region for the global south, while internet development is still below average in sub-Saharan Africa. Only 11% of all internet users in the world are Africans, which means that only about 32.5% of the total African population can access the internet (Malikane & Chitambara, 2018).

The level of internet speed that is starting to increase globally brings convenience in accessing digital platforms. This convenience can be an opening for the growth of digital-based companies, especially in the economic field. These companies offer innovation, efficiency, and creativity in the global economy. There are at least three important elements in the global digital economy: e-commerce, economic platforms, and digital payments (Dekker & Heijmans, 2020). E-commerce provides access for people to shop online, which is not limited by time and region. For e-commerce to be more efficient and effective, connectivity to physical and digital data is important (Johnston, 2021). The development of e-commerce globally is quite significant. By 2020, more than two billion people

will buy goods or services online, resulting in sales through e-commerce reaching 4.2 trillion U.S. dollars worldwide (Coppola, 2021). This number increased by more than 25% during the pandemic, as policies forced economic transactions to change.

The growth of e-commerce is still dominated by the Global North, such as the US, the European Union, and North America. UNCTAD released data that in 2017, 65%-70% of global e-commerce was controlled by e-commerce originating from the global north. The rest came from the global south (UNCTAD, 2020). The major e-commerce companies that dominate the global market are Amazon, Walmart Bestbuy, ASOS, and Farfetch. However, in recent years, the growth rate of e-commerce in southern countries has experienced significant growth. China is starting to lead the growth of e-commerce in the global south through e-commerce such as Alibaba, TMall, Taobao, and AliExpress (Coppola, 2021), which are slowly taking over the global digital economy market. In 2020, China will gain 1.934 billion U.S. dollars from e-commerce. This advantage makes China take over the global e-commerce market by 46% of the total e-commerce market controlled by the global north (Zipser & Poh, 2020).

The success of China's e-commerce growth has contributed to the growth of e-commerce in southern countries. Latin America (Brazil, Mexico, Argentina) and Asia (India, Singapore, Vietnam, Indonesia) take the next place in e-commerce. Mercado Libre, Shopee, Lazada, Sendo, and Blibli, put their names in the ranks of global e-commerce. Based on statistical data released by the "statista" site, the e-commerce growth rate for the region reached 18.9% in 2020 (Coppola, 2021). These results show that the global south e-commerce can compete with the global north e-commerce in terms of consumers, innovation, and sales strategy. This result is predicted to continue to increase along with the increasing consumption of the people.

Besides e-commerce, economic platforms are also an important part of digital economic transformation. The economic platform is a large technology company that offers an online structure in services, be it transportation, consulting, or learning courses, with a relatively low number of employees (Dekker & Heijmans, 2020). Uber, Airbnb, Lyft, and Handy are economic platforms from the United States that initially dominated the global market. However, economic platforms such as Grab, Gojek, Manbang, and Reliance Jo, which were developed by southern countries, are starting to be noticed by the global market. The profits achieved by the economic platform reached more than 1 billion US dollars. This then causes the development of economic platforms in southern countries. Furthermore, the economic platform in running its business uses a new system in the economy, namely the sharing economy. This system allows economic platform companies to have a small number of employees but have a very large network of users.

Tom Slee, in his book, suggests that the sharing economy is a new business that involves peer-to-peer or matching consumers with service providers intended to exchange services such as transportation, lodging and rentals, household tasks, and travel (Slee, 2015). The sharing economy itself is based on collaborative consumption proposed by Bostman and Rogers. The current economy creates collaboration in public consumption with wider community interaction through digital economic innovation (Bostman & Rogers, 2010). The economic platform uses an economic sharing system to make it easier for consumers to get services and vice versa. For southern countries, the number of economic platforms that use this system is very beneficial.

Currently, the economies of southern countries have been centred on industrial businesses or conventional services, which are limited in absorbing labour. However, an economic platform that innovates on a business system with a sharing economy can change the way southern countries do business to become more modern. For example, Grab and Gojek is economic platforms for transportation service providers by using their sharing economy system to build users' communities or commonly called partners. Grab or Gojek provides a platform to meet consumers with their parents, where the profits earned by their partners are divided between 20-25% of the partners' total profits per month (Kusumawardhani, 2019). This attracts the interest of the community to join the partnership, which means it causes more employment. In 2019, Grab had 2.8 million active partners, making it Southeast Asia's first "decacorn" company with a profit of 10 billion U.S. dollars. Gojek also followed by having more than one million partners (Statista, 2021).

It does not stop there. The sharing economy system run by the economic platform can encourage community micro-enterprises. Community owners of food businesses, for example, can easily market their products and reach consumers without distance restrictions through the delivery service provided by the economic platform. Similar to Grab, which has a "Grab Food" delivery service and Gojek, which has "Go-Food." (Kusumawardhani, 2019). Micro-enterprises are an important pillar of economic development in southern countries. Therefore, the presence of an economic platform is a breath of fresh air for their economic improvement.

E-commerce and economic platforms ultimately have an impact on digital payment innovation or digital payments (Fintech). Similar to the transaction system at banks, people can store their money in a digital wallet (e-wallet) that can be used for transactions on e-commerce or economic platforms (Chawla & Joshi, 2021). These digital payments are a form of the next evolution of the global financial system and replace classic payments (cash/credit and debit cards) into digital payments using smartphones and e-wallets. Digital payments in southern countries are increasingly popular among the people. Total transactions in the global south reached US\$3,716 billion in 2021.

Furthermore, China is the largest market in digital payments with a transaction value of US\$2,496 billion in the same year (Slotta, 2021). In 2021, India also reached a sizeable transaction value with more than 40 billion Indian Rupees digital transactions (Statista, 2021). The large value of digital payments transactions, especially for southern countries, illustrates that the evolution of technology-based finance has increased significantly.

### **Opportunities and Challenges for the Global South**

Digital economic transformations have made southern countries feel a tremendous impact, one of which is increasing economic growth the development. Digital transformation creates online-based businesses that are changing the way businesses operate and the way the economy functions, and the way society interacts (Ciuriak & Ptashkina, 2019). This provides a great opportunity for southern countries to be able to continue to develop the economic sector. However, on the other hand, southern countries also have their challenges to get the most out of digital transformation.

Encouraging productivity through digital-based technological innovation is an opportunity available to southern countries from an industrial perspective. Digital technology through the internet provides a variety of data information that can be used to accelerate productivity for the provision of good goods and services (UNCTAD, 2020). The available data are also useful for expanding market access and reaching consumers. The higher demand will certainly encourage increased productivity. Southern countries are currently able to reach a wider market and consumers without boundaries of region and time. For example, people in Indonesia can order products from China through e-commerce or economic platforms that they can access only through their smartphones. Through this digital-based economy, southern countries can reduce production costs and increase their profits. In the end, the southern countries will have the opportunity to increase their competitiveness in the global economy.

Another opportunity is that southern countries can get a sharing economy and technology transfer from the presence of e-commerce and economic platforms. Technology transfer will be a big opportunity for southern countries in the development of increasingly large e-commerce and economic platforms. This is based on the emergence of e-commerce and economic platforms in southern countries such as Asia and Latin America. This transfer of technology will certainly encourage an increase in innovation and public knowledge. An example of this technology transfer is the entry of 5G technology into southern countries (Campbell, 2017). The sharing economy brings opportunities that are no less profitable, especially for employment. The majority of southern countries have a workforce with a large number of low-and-medium skill jobs. They can be absorbed into jobs easily through e-commerce and economic platforms. This is because e-commerce and economic platforms do not require high skills when joining their partnership. Through the sharing economy system, Southern countries have the opportunity to encourage the development of medium-sized businesses or what is called “micro-entrepreneurship” with little capital to develop their businesses (Bostman & Rogers, 2010). Opportunities that are wide open also come from opportunities for southern countries to create law firms. This will certainly have an impact on the country's economic stability. In terms of investment, digital economic transformation offers huge opportunities for investment flows through FDI (foreign direct investment) for southern countries. Professional migration, technology transfer, and promising market openness in southern countries can encourage a shift in FDI from northern to southern countries. In several southern countries in 2020, this FDI experienced a fairly good upward trend. China increased its FDI by 4%, followed by India with a 13% increase. India's good performance in the development of digital technology impacts increasing FDI in the South Asian region by 12%. Meanwhile, in South Asia, the Philippines grew FDI by 29% or by \$6.4 billion in 2020 (Buchholz, 2021). The positive growth of FDI is an opportunity for southern countries to achieve a sustainable digital economy and increase the competitiveness of southern countries in the global market.

However, along with the opportunities obtained by southern countries from digital economic transformation, it certainly presents a series of challenges that southern countries must face. The first challenge is related to the internet gap problem in southern countries. Southern countries do not all have adequate internet levels. Meanwhile, the internet is the main key in digital economic transformation. This internet gap is directly correlated with development where development in

southern countries has not been evenly distributed. Moreover, in parts of sub-Saharan Africa and parts of Asia, low-income countries have limited access to the internet.

Apart from the internet, the challenge for southern countries is the lack of access to cellular telephone networks. The quantity and quality of cellular phone network coverage in southern countries are still far behind northern countries. At the domestic level, this happens because there is a clear gap between urban and rural areas (Tsetsi & Rains, 2017). At the same time, the cellular telephone network makes it easier to expand the market by reaching consumers. The trend of digital economic transformation shows a new consumer behaviour in demand for goods and services, where consumers rely on smartphones and the internet for economic transactions (Ciuriak & Ptashkina, 2019). Therefore, to maximise opportunities in digital economic transformation, southern countries must improve their internet and cellular telephone network infrastructure.

The second challenge is how the governments of southern countries create regulations or policies specific to the digital economy sector and the emergence of many digital platforms. Security in conducting digital transactions is a challenge for southern governments. Currently, digital security in southern countries is still relatively low with many cases of consumer data leaks (Topornin, Pyatkina, & Bokov, 2021). Data and information security are digital assets in digital transactions, which is one of the drivers for people to conduct digital transactions. Then, according to McKinsey Company, in the sharing economy business, southern countries have challenges to be able to collaborate with these business networks. The sharing economy business network is a potential market for southern countries. However, on the one hand, southern countries must have independent policies because even though they are based on a sharing economy, these platforms are still profit-oriented.

The opportunities and challenges that come from this digital economic transformation ultimately encourage southern countries to cooperate. South-south cooperation is an option for southern countries because, in the background, they have the same problems. Furthermore, the global south's growth over the past few years has increased drastically, especially for China, Singapore, and India, bringing confidence to other southern countries to cooperate. China, which represents the south, can become the digital economy leader in the global market by shifting America and the European Union (Su & Flew, 2021). South-south cooperation is considered more effective and efficient because of the low asymmetric relations between member countries. Therefore, the sharing of information or the benefits of digital economic cooperation can be more easily obtained than collaborating with northern countries with a high level of asymmetric relations.

South-south cooperation also initiates digital infrastructure investment for its member countries. China initiated this investment to drive a comprehensive digital market in southern countries. China, which is currently ranked first in digital progress, invests in lagging southern countries to encourage digital development to enable the digital market access wide open. Furthermore, in 2015, China launched a Digital Silk Road policy that crosses the territory of the southern country. Through this Digital Silk Road, China pushes domestic technologies that strengthen connections between local businesses and consumers (Ghiasy & Krishnamurthy, 2021). Accordingly, this will make it easier for southern countries to improve digital technology. Then, Singapore also has a "Smart Nation" program which makes major economic investments in digitization and is the main driver for the digitalization wave in Southeast Asia. This total investment will reach US\$ 8 billion in 2020 (Tan, 2021).

Moreover, south-south cooperation can increase technology transfer and innovation to its member countries. This might further grow digital platforms in the economic sector. Therefore, the projection of this south-south cooperation is expected to outperform the market advantage of northern countries. Thus, southern countries can finally increase their high bargaining power in the global market because they can step up from behind.

## Conclusion

Currently, the global economy has been run in a conventional way (offline), but currently, the economy is run with the help of digital technology (online). This transformation is called digital economic transformation, which is based on the concept of the digital economy. Digital economic transformation is a new model for the global economy. This economic model allows the global economy to run without boundaries of region, time and reaches all levels of society. All countries, including southern countries, feel the digital economic transformation. There are three important digital economic transformation elements: e-commerce, economic platforms, and digital payments. These three elements are growing rapidly in southern countries, which then encourage economic growth and development. This is due to technological developments in south countries. Therefore, it is not surprising that currently digital companies from southern countries, such as Grab, Gojek, Alibaba, AliExpress, and Reliance Jo, can align with digital companies from northern countries. As a result of digital economic transformation, the sharing economy economic system also benefits southern countries in providing digital jobs and profit-sharing.

However, southern countries have opportunities and challenges in carrying out this economic transformation. In terms of opportunities, southern countries can get technology transfer from the presence of digital companies and foreign direct investment flows (FDI) through the sharing economy system. However, on the other hand, southern countries must face challenges in an internet gap that still dominates southern countries. Moreover, since the internet is critical to the digital economy's success, governments of southern countries are also challenged to make regulations, especially on digital security, to support people's economic transactions. At last, these opportunities and challenges encourage southern countries to cooperate in the south-south cooperation scheme. Their cooperation will overcome the existing challenges to improve the southern countries position in digital-based global economic competition.

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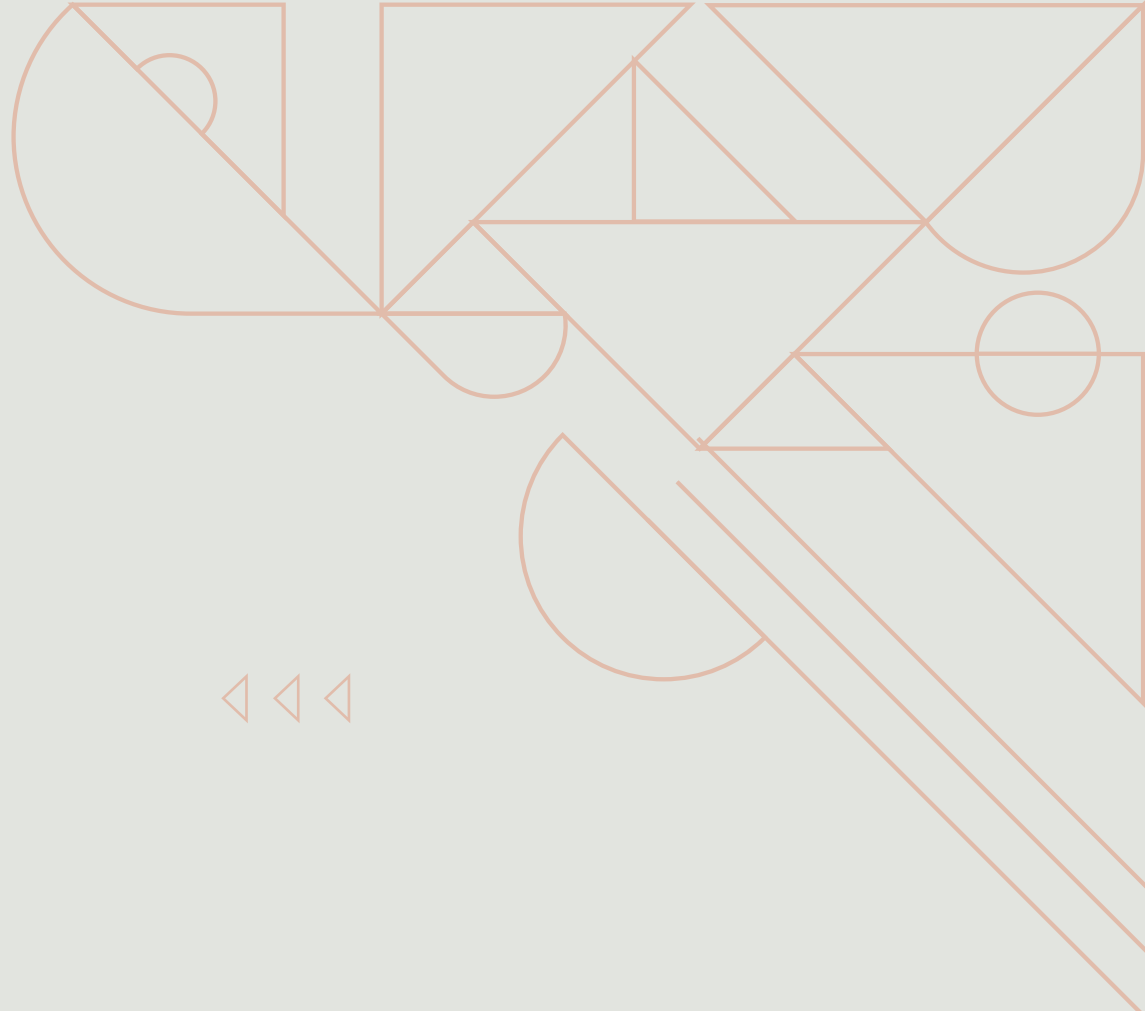
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