

2016

Digital EAGLEs

Outlook and perspectives

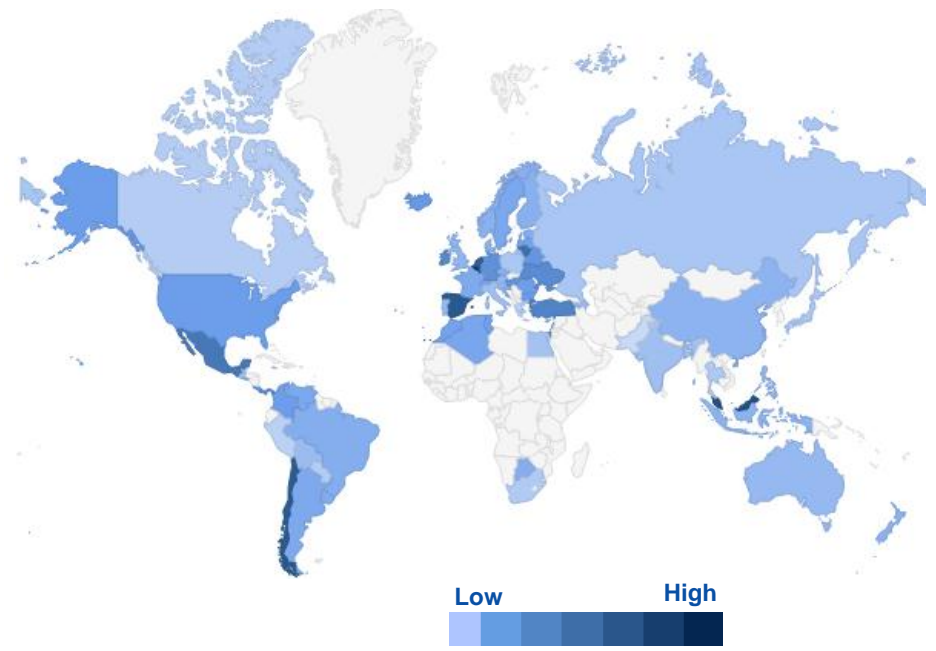
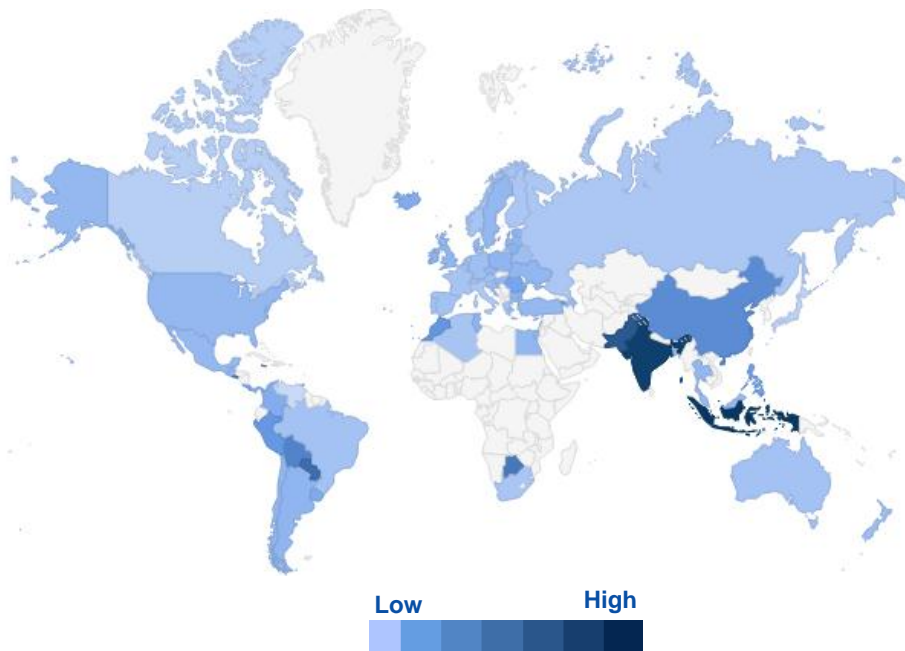




Fixed and Mobile broadband adoption rates in the next decade

Changes in Fixed-Broadband penetration 2014-25

Changes in Mobile-Broadband penetration 2014-25

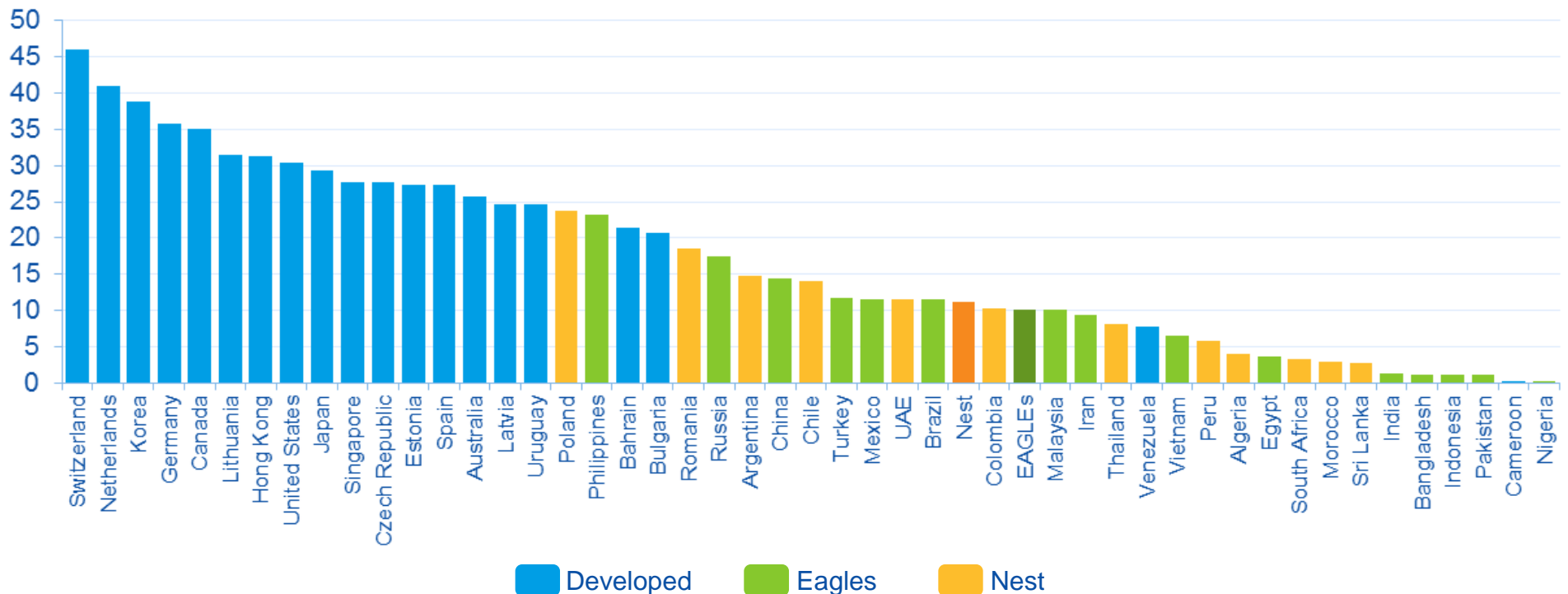


Indonesia, India, Pakistan and Paraguay will increase the most in fixed-broadband technology. In the mobile-broadband case will be Belgium, Malaysia, Spain and Chile.



Current levels of fixed-broadband adoption rates across the world

Fixed broadband penetration rate in the World (2014)*



EAGLEs and Nest have currently a medium-low level of broadband penetration. EM Asia countries are particularly lagging behind, but they also have a large potential for future growth.

Source: BBVA Research, ITU, World Bank.

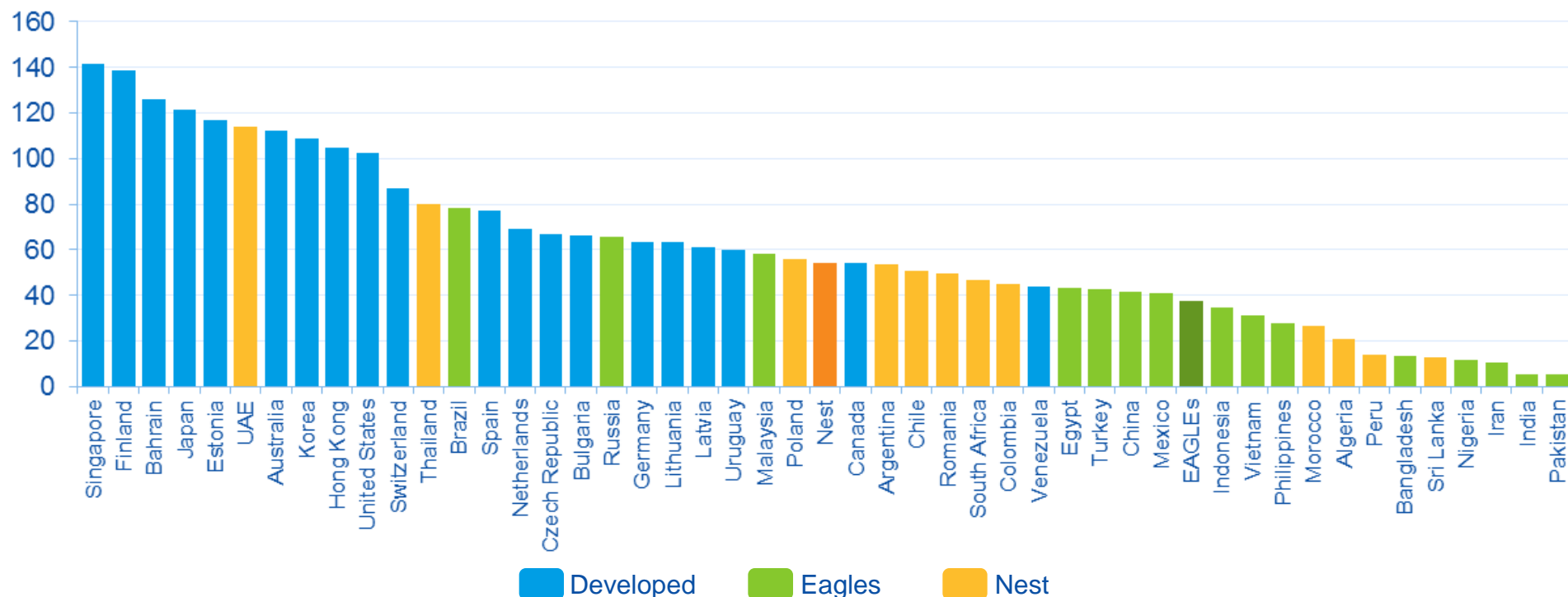
(*) EAGLEs and Nest values are GDP (PPP) weighted averages of each region

See "Fixed and Mobile broadband adoption rates across the world: Present and Future", BBVA Research for further information.

Current levels of mobile-broadband adoption rates across the world



Mobile broadband penetration rate in the World (2014)*



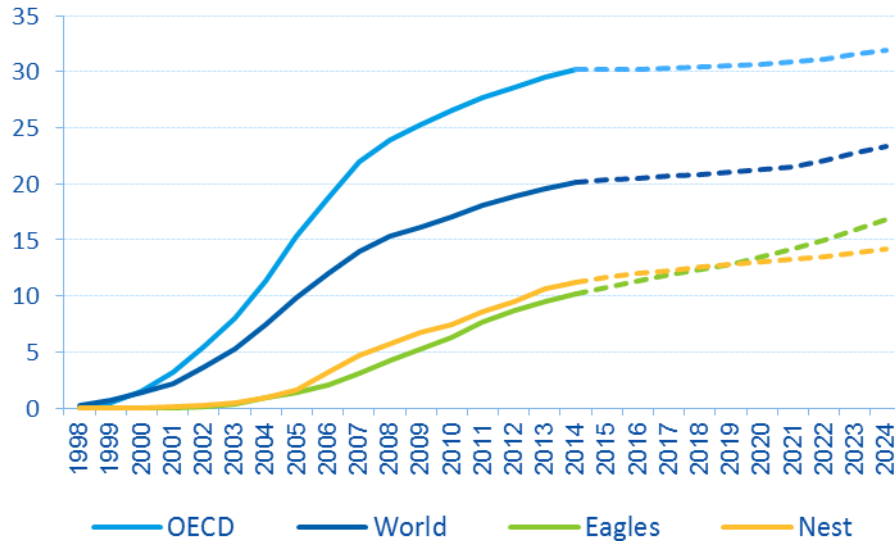
Some Nest countries have penetration levels comparable to the most advanced economies. EAGLES countries are much less advanced than Nest ones. Again, the potential for growth is quite large in EM Asia.

Source: BBVA Research, ITU, World Bank. (*) EAGLES and Nest values are GDP (PPP) weighted averages of each region. See "Fixed and Mobile broadband adoption rates across the world: Present and Future", BBVA Research for further information.

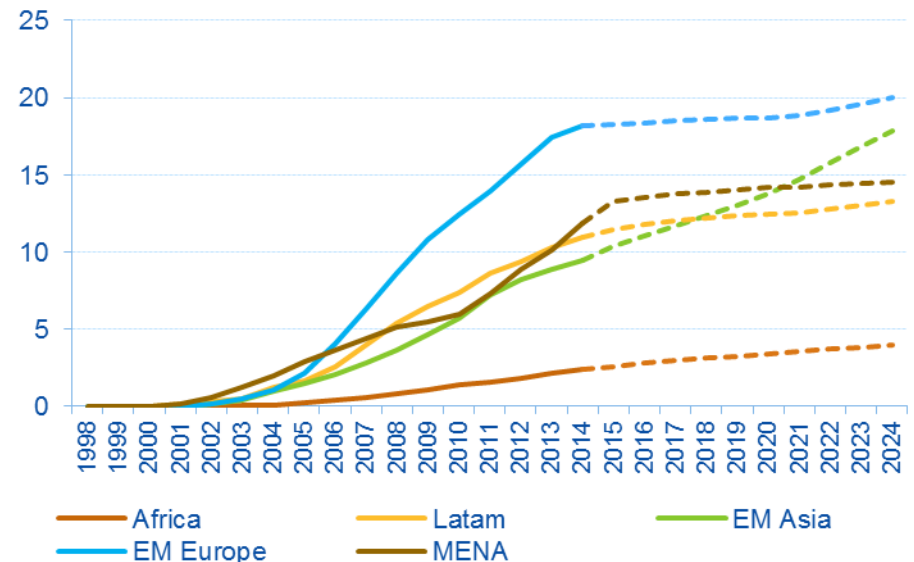


Fixed-broadband adoption rates across regions: Past and future evolution

Evolution of Fixed-Broadband penetration 1998-2024



Evolution of Fixed-Broadband penetration 1998-2024. Emerging regions.

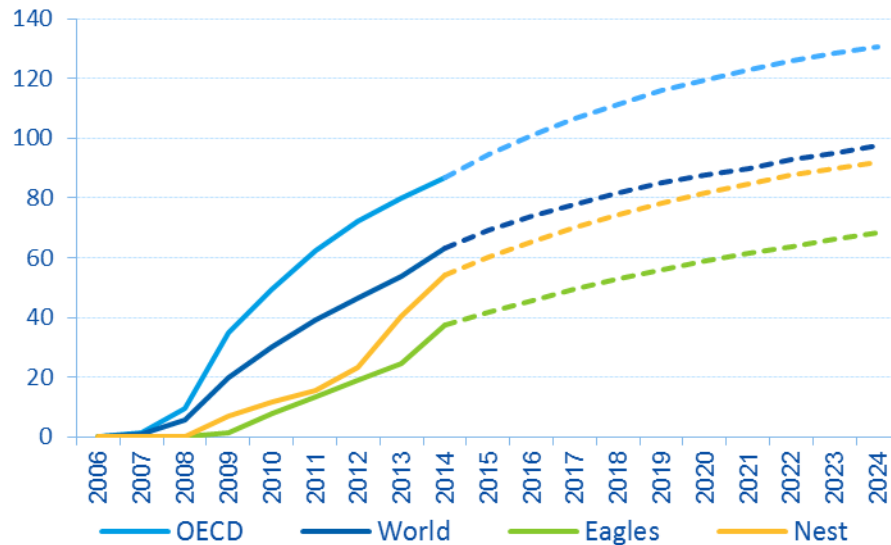


Fixed-broadband adoption is in most regions close to its saturation level. EAGLEs countries will be the ones converging faster to the most developed nations, thanks mostly to the growth in EM Asia. The gap between DMs and EMs will remain.

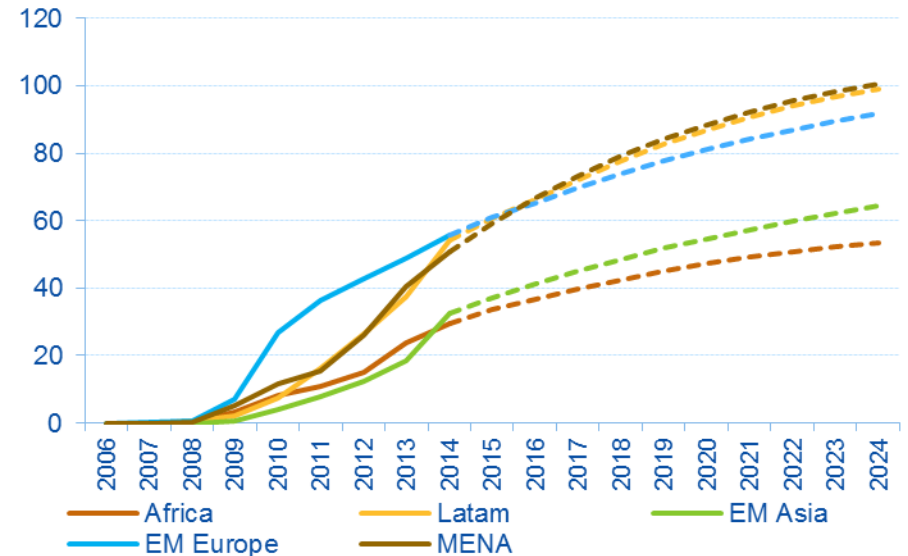


Mobile broadband adoption rates across regions: Past and future evolution

Evolution of Mobile-Broadband penetration 1998-2024



Evolution of Mobile-Broadband penetration 1998-2024. Emerging regions

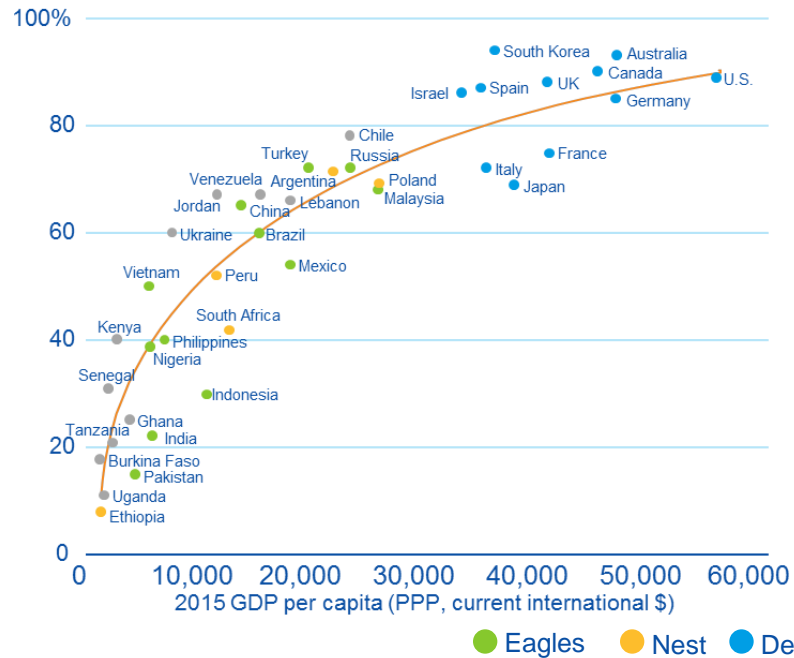


Mobile adoption rates will change largely in the next decade because globally the mobile adoption process is in a much earlier phase that in the fixed-broadband case. Nest countries will keep on growing faster than EAGLES. LatAm countries will perform remarkably well.

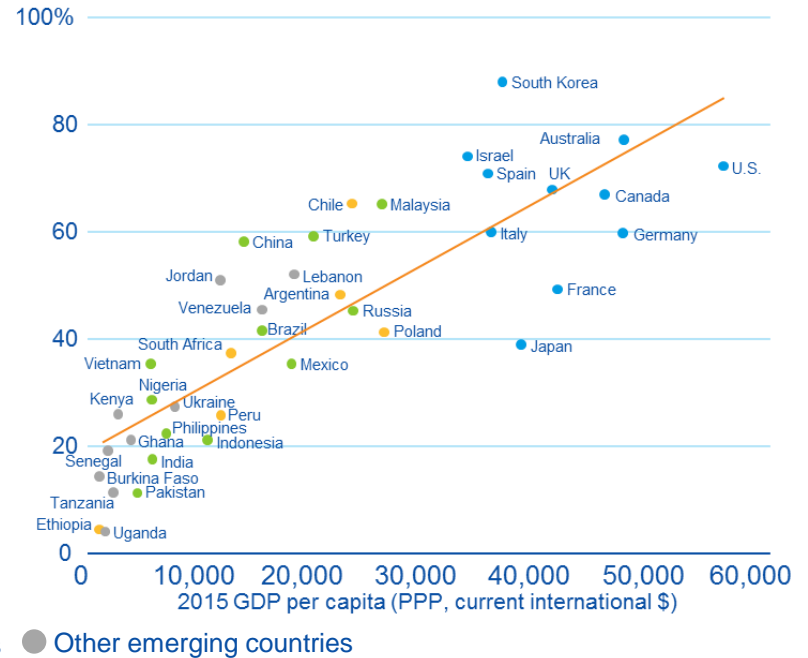


The impact of digital economy on growth

Relationship between per capita income and internet access 2015
(Adults who use the internet at least occasionally)



Relationship between per capita income and Smartphone ownership in 2015
(Adults who report owning a smartphone)



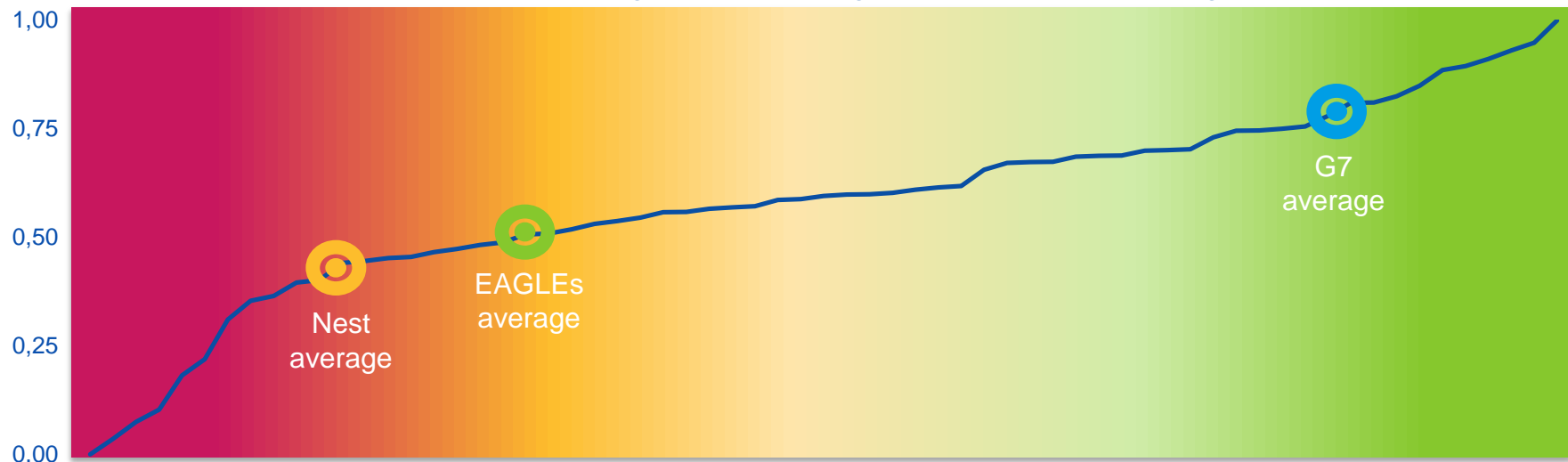
There is a strong correlation between country wealth (measured by GDP per capita PPP) and internet access, as well as with the smartphone ownership



Macro perspective: Digitalization Index 2015

Cross country picture: Digitalization Index in 2015

(Composite index: ICT infrastructure, ICT usage, ICT cost, digital content, and ICT regulation)



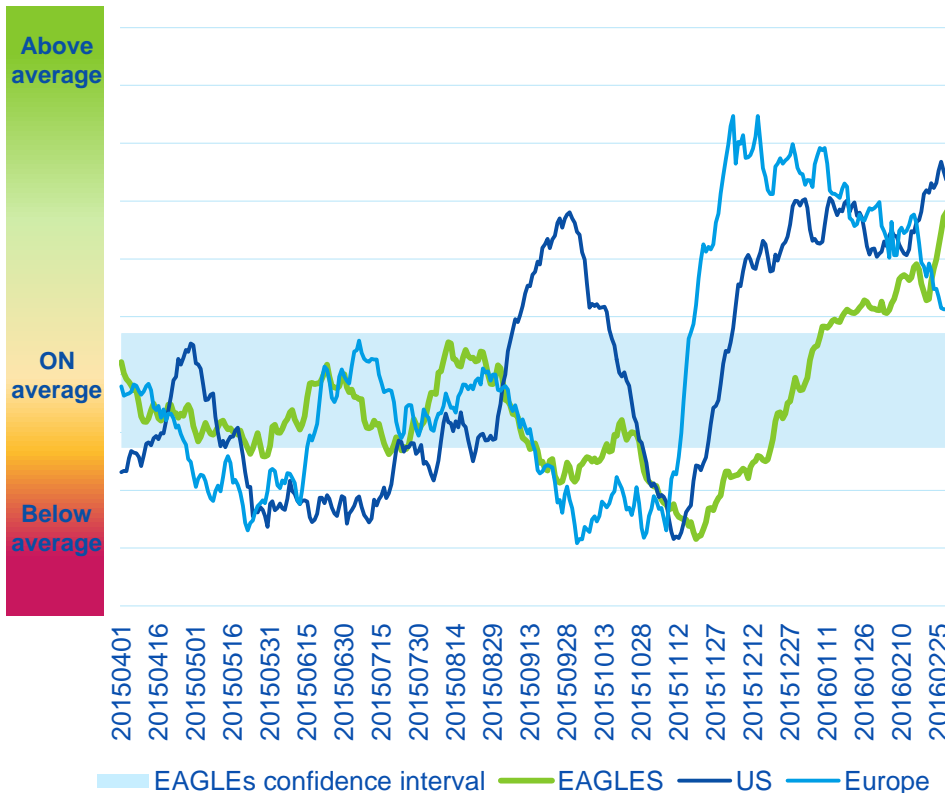
Algeria	Vietnam	Morocco	China	Hungary	Ireland	Germany	Sweden
Qatar	Peru	Thailand	Saudi Arabia	Turkey	Chile	Malaysia	Netherlands
Nigeria	Argentina	Mexico	Croatia	Romania	United Arab Emirates	Denmark	Finland
Pakistan	Egypt	Sri Lanka	Colombia	Uruguay	Belgium	Latvia	Lithuania
Bangladesh	Ukraine	Italy	Slovenia	Luxembourg	Spain	Canada	Korea, Rep.
Paraguay	Greece	Poland	Kazakhstan	Brazil	Singapore	Australia	Japan
India	Philippines	Bulgaria	Russian Federation	Czech Rep.	Austria	France	Estonia
Venezuela	Indonesia	Cyprus	Slovak Republic	South Africa	Portugal	United States	Hong Kong SAR
							United Kingdom

Source: BBVA Research, WEF, ITU and World Bank
See the annex for further information about the Digitalization Index.



EAGLEs Media Sentiment Digital Index: Significant improvement since late 2015...

Media sentiment digital index for EAGLEs countries, US and Europe 2015-16



The indices capture the average tone of digital related issues on the media on a daily basis

The sentiment about digital related topics in the media in the EAGLEs countries has improved significantly since November 2015, although at a slower pace than Europe and US countries and overtaking the G7 average since the beginning of 2016

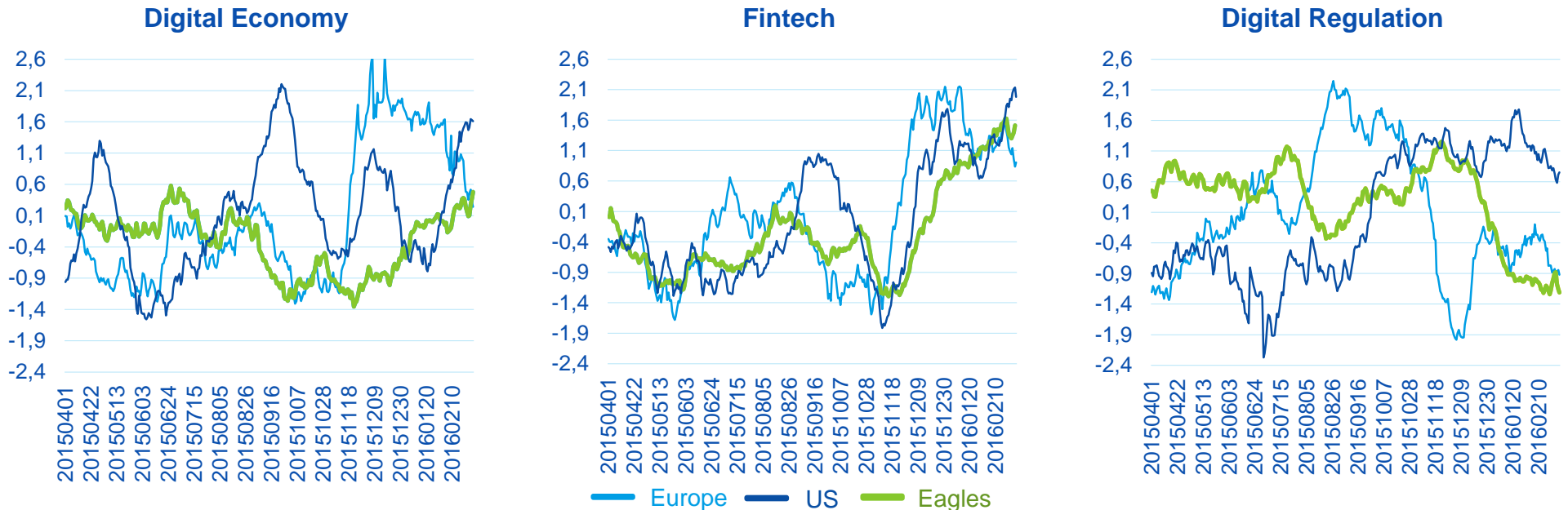
The indices are composed by three main components: digital economy, digital banking transformation (fintech) and digital regulation

Source: BBVA Research, www.gdelt.org
See the annex for further information about the data and the used methodology to construct the index.



...mainly led by the banking digital transformation with regulation dragging potential

Media sentiment digital index for EAGLEs countries, US and Europe 2015-16 by components*



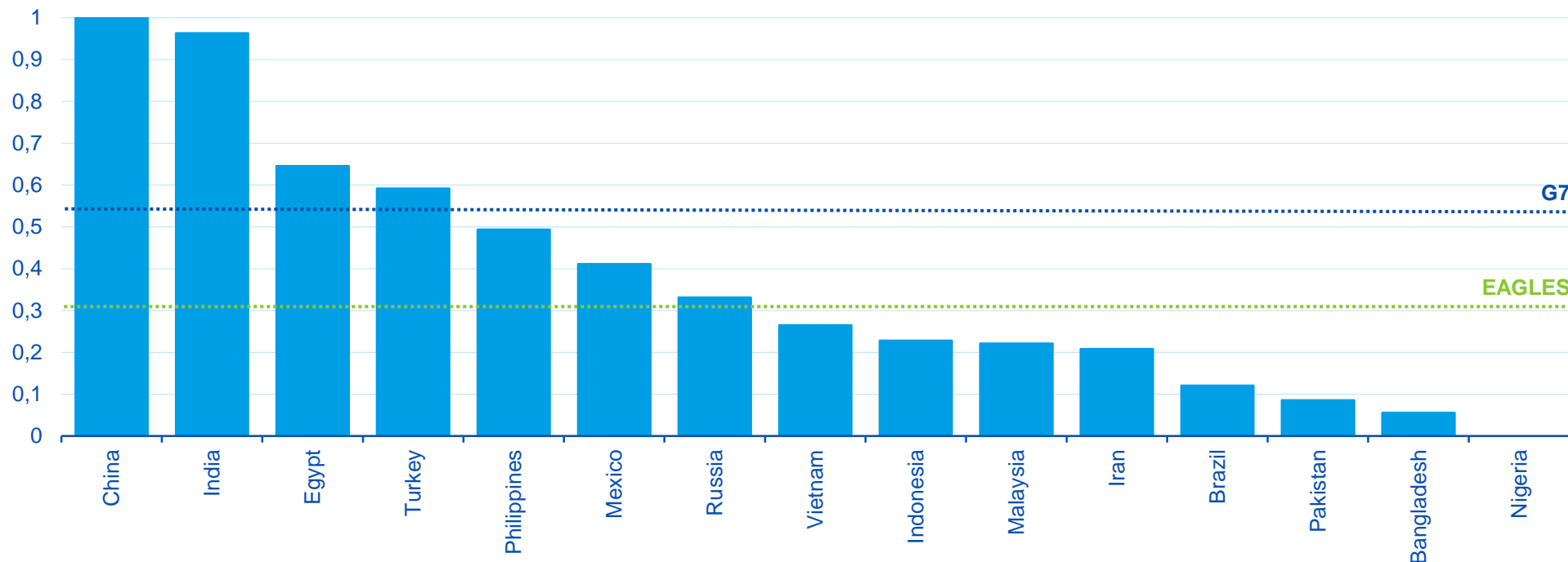
* The digital economy component collects the news' average tone in the media for the EAGLEs countries about topics related to the use of digital technologies in business, economic and social activities, digital infrastructures and digital innovation. The digital banking transformation (fintech) component includes news' coverage about topics related to the technological innovation in the financial sector and the digital regulation component comprises topics in the media related to regulatory policies on information and communication technologies, internet and data control.

The improvement in the EAGLEs media sentiment index was mainly due to the **better performance in the Fintech digital economy components** since last semester, respectively. On the contrary, the **digital regulation component recorded a sharp decline since late 2015**, attenuating the rise on the synthetic index.



EAGLEs Media Sentiment Digital Index ranking 2016

Ranking of Media sentiment digital index by EAGLEs countries

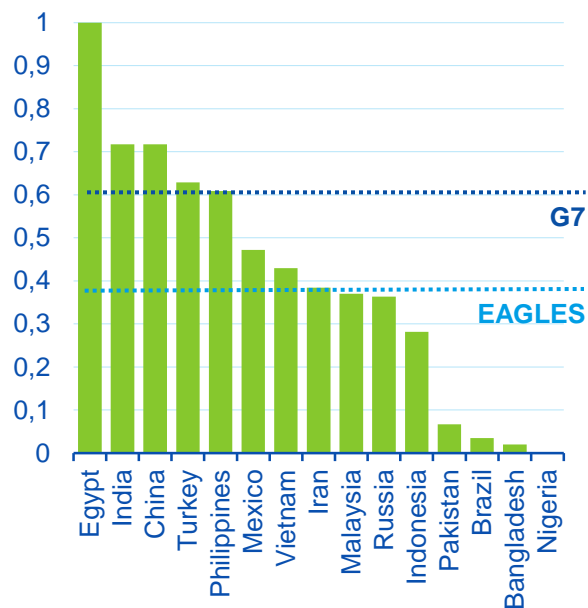


China leads the group as the better valuated country in the EAGLEs according to the media, followed by **India, Egypt and Turkey**, all of them outperforming the **G7 average**. On the other hand, Nigeria, Bangladesh and Pakistan rank as the worst performers in the EAGLEs group respectively

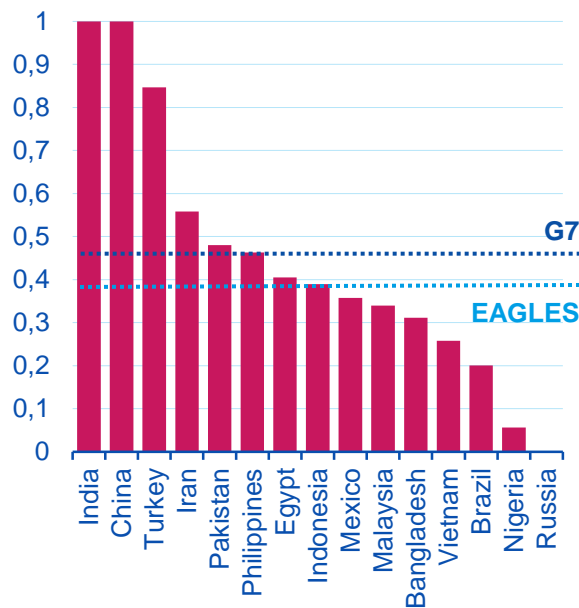


EAGLEs Media Sentiment Digital Index ranking 2016

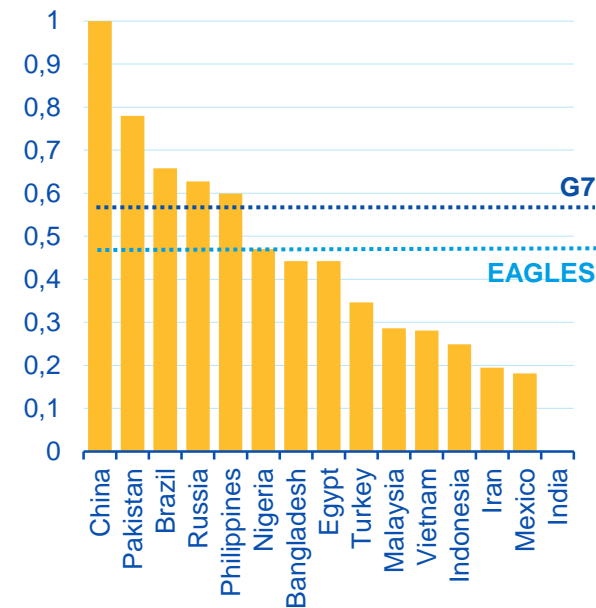
Ranking of Media sentiment digital economy index by EAGLEs countries



Ranking of Media sentiment digital fintech index by EAGLEs countries



Ranking of Media sentiment digital regulation index by EAGLEs countries

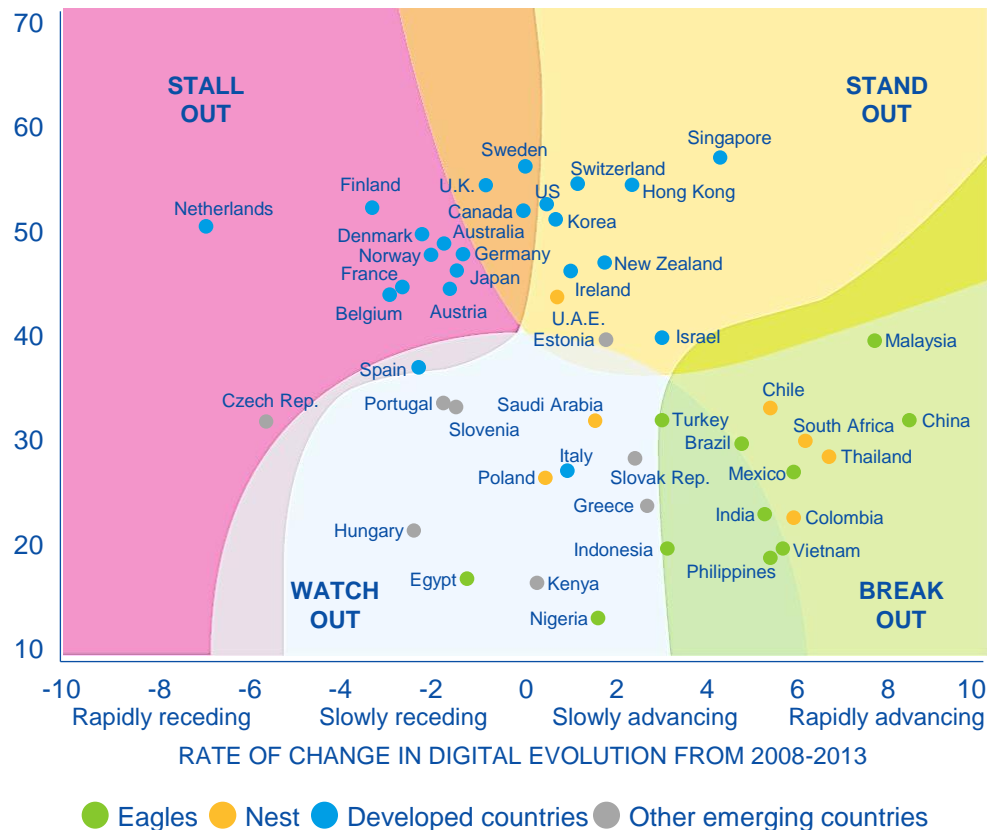


Considering the **digital economy component**, Egypt comes to the top of the ranking, followed by India, China and Turkey. According to the **fintech component**, India is the better valued, followed by China, Turkey and Iran. Finally, taking into account the **digital regulation component**, China records the best performance, followed by Pakistan and Brazil, Russia and Philippines



In line with the EAGLEs digital performance in the last years

Digital evolution index trajectory (out of 100)



The digital evolution index **points the EAGLEs and Nest group as countries with a strong potential to foster its digital development process in the coming years**

China, India, Mexico, Turkey, Philippines and Vietnam evolved rapidly in digital terms during last years with the potential to emerge as strong digital economies if their evolution rates continue

Challenges in the medium term lie in **improving supply infrastructure and in nurturing sophisticated domestic consumers**, favored by the middle classes revolution

Source: BBVA Research and Digital Evolution Index (the Fletcher school at TUFTS University)
See the annex for further information about the Digital Evolution Index.