



ELECTRONIC TRADE & ITS EFFECT ON IRAQ



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ABSTRACT

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E-commerce is reshaping market access and consumer behavior worldwide, yet its diffusion in Iraq remains uneven. This thesis examines the current landscape and near-term potential of electronic trade in Iraq through a cross-sectional, descriptive–analytical survey of adult residents. A structured, self-administered questionnaire captured demographics, shopping frequency, preferred product categories and platforms, payment methods, decision drivers, perceived barriers, expectations for sector growth, and views on public investment. The instrument was organized in five sections aligned to the study objectives, and the analytic sample comprised 88 valid responses.

Findings portray a young, relatively well-educated consumer base (57.6% male; largest age bands 18–24, 25–34, 35–44; bachelor’s degree $\approx$ 41%) with incomes concentrated between USD 500–2,000. Online purchasing is present but not yet habitual: most respondents buy “occasionally” or “rarely,” while roughly 30% buy at least monthly. Discovery and transactions cluster around social media and Trendyol; Amazon and local Iraqi sites form a secondary tier. Cash on delivery (COD) remains the dominant payment method, with cards and mobile wallets used by a minority. Price and discounts are the primary decision lever, followed by product variety; the main frictions are low product

quality, high delivery costs, long delivery times, and seller trust. A strong majority expects e-commerce to expand significantly in the next six years and supports greater government investment in digital infrastructure.

The study concludes that accelerating reliable logistics, strengthening quality assurance and consumer protection, and de-risking the transition from COD to digital payments are likely to yield the largest behavioral shifts. Practical recommendations are outlined for platforms, logistics providers, financial institutions, and policymakers to lower transaction frictions and build durable trust.

Keywords: electronic commerce, digital economy, online transactions, market growth and Iraq.



ÖZET

ELEKTRONİK TİCARET VE IRAK'A ETKİSİ

PESHAWA ABU BAKR ISMAEEL ISMAEEL

ULUSLARARASI TİCARET VE FİNANSMAN YÜKSEK LİSANS TEZİ

Danışman: Prof. Dr. Aytaç Gökmen

Eylül 2025, 109 Sayfa

E-ticaret dünya genelinde pazar erişimini ve tüketici davranışını dönüştürürken, Irak'ta yaygınlaşma hızı dengesiz kalmaktadır. Bu tez, Irak'ta elektronik ticaretin güncel durumunu ve yakın dönem potansiyelini, yetişkin katılımcılara uygulanan kesitsel, betimsel-analitik bir anket ile incelemektedir. Beş bölümden oluşan yapılandırılmış soru formu; demografiler, alışveriş sıklığı, tercih edilen ürün kategorileri ve platformlar, ödeme yöntemleri, karar etmenleri, engeller ve kamu yatırımlarına ilişkin görüşleri kapsamakta; analitik örneklem N = 88 geçerli yanıt içermektedir.

Bulgular, ağırlıklı genç ve görece yüksek eğitilmiş bir tüketici tabanına işaret etmektedir; gelirler 500–2.000 ABD\$ bandında yoğunlaşmaktadır. Çevrimiçi alışveriş mevcut fakat henüz alışkanlık düzeyinde değildir: çoğunluk “ara sıra” ya da “seyrek” alışveriş yapmakta, yaklaşık %30 ise ayda en az bir kez satın almaktadır. Keşif ve işlem kanalları sosyal medya ve Trendyol etrafında toplanırken, Amazon ve yerel Irak siteleri ikincil konumda kalmaktadır. Ödemede kapıda ödeme (COD) belirgin biçimde baskın; kart ve mobil cüzdan kullanımı azınlıktadır. Kararları en çok fiyat/indirim ve ürün çeşitliliği çekmekte;

başlıca sürtünmeler düşük ürün kalitesi, yüksek teslimat maliyetleri, uzun teslimat süreleri ve satıcıya güven eksikliği olarak öne çıkmaktadır. Katılımcıların büyük bölümü orta vadede güçlü büyüme beklemekte ve dijital altyapıya kamu yatırımını desteklemektedir.

Çalışma, güvenilir lojistik, kalite güvencesi ve tüketici koruması ile COD'dan dijital ödemelere geçişin riskini azaltan mekanizmaların (anında iade, emanet/escrbenzeri çözümler, teslimatta kart/mobil ödeme) en yüksek etkiyi yaratacağını göstermektedir. Platformlar, lojistik sağlayıcılar, finansal kuruluşlar ve politika yapıcılar için işlevsel, düşük sürtünmeli müdahaleler önerilmiştir: doğrulanmış yorumlar ve kalite rozetleri, açık iade-geri ödeme SLA'ları, şehir içi mikro-fulfilment ve bölgesel fiyatlandırma, toplam maliyetin şeffaf sunumu ve standartlaştırılmış itiraz-çözüm süreçleri.

Anahtar Kelimeler: e-ticaret, Irak, kapıda ödeme, dijital ödemeler, lojistik, güven, tüketici koruması.



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INTRODUCTION

Economic growth. One of the leading indicators of a nation's welfare, remains a crucial issue for all countries. In today's economics, electronic trade (e-commerce) has emerged as a significant factor affecting economic expansion. The rapid integration of online platforms into business activities has transformed traditional business models, Innovating and increasing market access (Laudon and Traver 2020:50). As a result, electronic commerce plays an essential role in shaping modern economies, influencing consumer behavior, and increasing business efficiency.

Economics, which has been an independent discipline since the eighteenth century, has long acknowledged the role of technological progress in shaping economic dynamics. However, while technology and innovation have been recognized as crucial elements, they were not widely incorporated into economic models until the 20th century. The rise of digital economies has further consolidated the importance of electronic commerce, making it a major driver of production, consumption, employment and overall economic growth (Turban et al. 2018:30).

In the literature on economic growth, classical theories to modern endogenous growth models have attempted to identify the fundamental sources of economic expansion. Adam Smith highlighted the division of labor and specialization through trade, whereas Solow's neo-classical growth model emphasized capital accumulation and technological advancements as essential components. (Solow 1956:74) the neo-classical approach views technology as an external factor in economic growth, while endogenous growth theories integrate digital innovation, human capital, and technological development as internal contributors. Endogenous growth models propose that investments in digital infrastructure, knowledge, and e-commerce adoption contribute significantly to sustained economic progress. Scholars such as Romer (1986) and Lucas (1988) stressed the importance of internal innovation in economic expansion. With the rise of e-commerce, digital markets have become essential in supporting global trade,

improving efficiency, and reducing transaction costs. However, the level of e-commerce adoption varies across countries, influenced by factors such as digital infrastructure, financial systems, and regulatory frameworks.

The aim of this study is to analyze the current situation of electronic commerce in Iraq, how advanced it is and to what extent consumers use it and to investigate its potential to contribute to economic development. By examining factors affecting electronic commerce adoption such as internet penetration, digital payment systems and consumer behavior- this study aims to identify the barriers that must be addressed to unlock the full potential of e-commerce in Iraq. This research aims to provide insights into fostering a competitive and efficient electronic commerce environment in Iraq.

This study is structured into five chapters. The first chapter provides an overview of e-commerce and its global trends, including fundamental concepts, types of e-commerce, and key drivers of growth. The second chapter explores the state of e-commerce in Iraq, examining digital infrastructure, consumer behavior, and government policies. The third chapter presents a literature review on e-commerce adoption, its role in economic development, and a comparative analysis between the middle east and Europe. The fourth chapter outlines the research methodology, emphasizing survey design, data collection, and analytical techniques used to assess e-commerce in Iraq. The fifth chapter analyzes survey results and findings, offering insights into consumer preferences, challenges, and recommendations for strengthening Iraq's e-commerce sector.

By addressing the current state of e-commerce in Iraq and its economic implications, this research contributes to the broader discussion on digital trade and economic development. Identifying opportunities and challenges in Iraq's e-commerce sector will provide valuable guidance for fostering a more inclusive and technologically advanced economy.

CHAPTER I

OVERVIEW OF E-COMMERCE AND ITS GLOBAL TREND

The foundation of modern e-commerce is built upon technological advancements and digital innovations, which have transformed traditional business businesses models and global trade. The rapid rise of online marketplaces, mobile commerce, and digital payment has reshaped how consumers and businesses interact. (Laudon and Traver 2020:45) unlike conventional commerce, which relies on physical interactions and in-store transactions, e-commerce enables seamless digital exchanges, making trade more efficient and globally accessible. The shift toward e-commerce has been driven by various factors, including increased internet penetration, advancements in mobile technology, and the growing reliance on digital payment solutions. Studies highlight that e-commerce adoption varies significantly across regions due to differences in infrastructure, financial systems, and regulatory policies. (Turban et al. 2018:32) while developed economies have long integrated digital commerce into their economic systems, developing nations are still navigating the challenges and opportunities of this transition. In e-commerce, the main drivers of growth are technological advances, digital literacy and access to the internet. The concept of physical limitations in traditional commerce does not apply in the digital realm. There is an element of network externalities, where the value of e-commerce platforms increases with the number of users. The accumulation of digital infrastructure benefits society as a whole. As a consequence, competitive dynamics in e-commerce are shaped by innovation and user experience. Traditional commerce theories are insufficient to explain the variations in e-commerce adoption across countries and have spurred new research efforts. The prominent elements in this context are the roles of factors such as digital transformation, consumer trust, and regulatory frameworks, which were considered secondary in traditional commerce literature.

In other words, recent studies on e-commerce have concentrated on identifying the “missing element” that can explain the disparities in e-commerce growth between countries. There are five aspects of e-commerce growth models.

1.1. Definition and Evolution of E-commerce

- 1.2. Types of E-commerce (B2B, B2C, C2C, etc.)
- 1.3. Global Trends in E-commerce Adoption
- 1.4 The Shift from Traditional to Digital Commerce
- 1.5. Key Drivers of E-commerce Growth

1.1. DEFINITION OF ELECTRONIC COMMERCE

E-commerce denotes the transaction of products and services conducted electronically, predominantly over the internet. It entails the procedure by which a vendor provides items and services to consumers via their own website or many online platforms. This type of commerce facilitates transactions via online platforms utilizing digital payment methods, as opposed to actual retail locations (Jain et al. 2021:665). E-commerce has facilitated the expansion of small, medium, and big organizations, allowing them to explore new markets, diversify product offerings, and enlarge their consumer base. Electronic commerce refers to the execution of trade transactions via the Internet, encompassing the buying and selling of information or value in the form of goods and services as expenditures, facilitated through web-based methods. According to DTI (2007) and Zwass (1998), it involves the exchange of trade information, the maintenance of trade relationships, and the conduct of trade transactions through telecommunications networks. Moreover, e-commerce transactions involve the exchange of goods and services via the internet and other digital platforms (Fraser et al. 2000: 35). Conversely, Kalakoda and Whinston (1996) defined e-commerce based on the following criteria (Chaffey et al. 2009: 51):

1. *From a transportation perspective:* E-commerce encompasses the transmission of information, goods/services, or payments using telephone landlines, mobile devices, computer networks, the internet, or alternative methods.
2. *From a business process standpoint:* E-commerce represents the utilization of technology for the automation of business transactions and workflows.
3. *From a service perspective:* E-commerce serves as a tool that addresses the needs of customers and organizations to reduce examination costs, while enhancing product quality and increasing the speed of service delivery.
4. *From a digital perspective:* E-commerce enables the exchange and sale of goods and information via the Internet, utilizing various online services. Thus, it may be asserted that e-commerce represents a successful linkage between buyer and seller in the export and import of goods or services, facilitated by various forms of digital

payments. (Costa and Rodrigues 2023:2). The benefits of e-commerce for businesses can be summarized as follows:

- Providing continuous service to clients by functioning around the clock.
- Facilitating convenient access to new distributors and suppliers.
- Improving supply chain management.
- Securing the possibility to access international markets.
- Attaining worldwide acknowledgment and prominence.
- Extending geographic scope to acquire additional clientele.
- Minimizing total operational expenses.
- Reducing communication expenses.
- Formulating ideas for enhanced promotion at reduced expenditure.
- Enhancing profitability through the reduction of procurement expenses.
- Enhancing the efficiency of marketing budget utilization.
- Expanding product offerings to provide clients with a greater variety of choices.

Enhancing consumer pleasure by innovations in customer relations.

- Delivering real-time information to clients and obtaining immediate feedback.
- Providing customized products and services.
- Cultivating more efficient connections by direct communication with clients.
- Employing diverse marketing platforms (social media, email, viral marketing, etc.).
- Promptly revising information pertaining to products, pricing, and further corporate specifics

1.1.1. Evolution of E-commerce.

1.1.1.1. Early Foundations of E-Commerce (1960s–1980s)

The foundations of e-commerce date back to the 1960s, when businesses began utilizing Electronic Data Interchange (EDI) to automate commercial transactions. EDI allowed companies to exchange standardized business documents, such as invoices and purchase orders, electronically, reducing paperwork and transaction costs (Zwass 1996: 3). The 1970s saw further advancements with the introduction of the Telecommunications Act of 1978, which facilitated electronic transactions through networked computers (Kosiur 1997: 24).

One of the earliest known forms of online trade occurred in 1971, when students at Stanford and MIT conducted an informal sale of cannabis using the ARPANET, a precursor to the modern internet (Leiner et al. 2009: 11). However,

structured e-commerce only began taking shape in the 1980s, with the emergence of electronic banking and online ticket reservations. The development of the French Minitel system in 1982 was a significant milestone, as it allowed users to make online purchases, check stock prices, and book travel tickets through a networked terminal (Mailland and Driscoll, 2017: 40).

1.1.1.2.The Birth of Modern E-Commerce (1990s)

The 1990s marked the beginning of modern e-commerce with the commercialization of the World Wide Web (WWW). In 1991, the U.S. government lifted restrictions on the internet, allowing businesses to develop commercial websites (Berners-Lee and Fischetti 1999). The launch of the first graphical web browser, Mosaic, in 1993 made online navigation user-friendly, paving the way for online businesses (Gillies and Cailliau 2000: 32).

1.1.1.3.Key Milestones in the Mid-1990s Included:

1994: Netscape Navigator introduced secure encryption (SSL), ensuring safe online transactions (Schneider 2017: 56).

1994: Amazon was founded by Jeff Bezos, initially as an online bookstore (Stone 2013).

1995: eBay (originally Auction Web) launched, revolutionizing C2C commerce (Cohen 2002: 82).

1995: Dell Computers became one of the first companies to record \$1 million in online sales within a day (Chaffey 2019: 105).

1998: PayPal was founded, providing a secure online payment system (Swisher, 2001).

By the late 1990s, e-commerce had become a booming industry, with businesses shifting to digital platforms to increase accessibility and efficiency. The dot-com boom (1997–2001) saw a surge in internet-based businesses, though many collapsed due to unsustainable business models (Cassidy 2002:45).

By the early 2000s, advancements in web technologies and secure payment systems facilitated the rapid expansion of online shopping. (Kotler et al. 2021:112) highlight those improvements in digital security, such as Secure Socket Layer (SSL) encryption, played a crucial role in increasing consumer trust in online transactions. Additionally, the rise of mobile commerce (m-commerce) in the 2010s—enabled by

smartphones and mobile payment solutions—further accelerated the digital transformation of global trade.

The evolution of e-commerce has also been shaped by the emergence of social commerce and platform-based business models. Social media platforms, such as Facebook, Instagram, and TikTok, have integrated e-commerce features, allowing businesses to engage directly with consumers and personalize shopping experiences (Huang and Benyoucef 2013: 127). Moreover, the adoption of artificial intelligence (AI) and big data analytics has enhanced e-commerce by enabling predictive recommendations, automated customer support, and efficient supply chain management (Brynjolfsson and McAfee, 2014: 94).

1.1.1.4.Recent Developments in E-Commerce

The COVID-19 pandemic further accelerated the adoption of e-commerce, as lockdowns and restrictions forced businesses and consumers to shift toward digital platforms (UNCTAD 2021). Studies indicate that online retail sales surged by over 25% globally during the pandemic, highlighting the critical role of e-commerce in sustaining economic activities (OECD 2022). Today, emerging technologies such as blockchain, augmented reality (AR), and the metaverse continue to reshape the landscape of e-commerce, offering new opportunities for businesses to enhance digital trade experiences (Grewal et al. 2022: 65).

The evolution of e-commerce is a dynamic process influenced by technological innovations, changing consumer behaviors, and regulatory developments. As digital trade continues to expand, understanding its historical progression provides valuable insights into the future of global commerce.

1.2. TYPES OF E- COMMERCE (B2B, B2C, C2C, etc.)

Various forms of e-commerce exist, and they may be categorized in several ways. Primarily, we categorize various forms of e-commerce based on the nature of the market interaction between the seller and the buyer. Business-to-Consumer, Business-to-Business. M-commerce and social e-commerce might be regarded as subcategories of these forms of e-commerce.

1.2.1. Business to Consumer (B2C)

Business-to-Consumer (B2C) The predominant form of e-commerce is business-to-consumer (B2C) e-commerce, when internet enterprises seek to engage individual customers. B2C e-commerce include the acquisition of retail products, travel, financial services, real estate, and several other service kinds, as well as online content. B2C has shown significant growth since 1995 and is the kind of e-commerce most frequently encountered by customers (Kenneth and Traver 2020:58). B2C e-commerce pertains to enterprises offering products or services directly to customers through online channels. This paradigm encompasses online marketplaces, retail websites, and mobile applications that enable customer transactions. B2C e-commerce has transformed customer purchasing behavior by offering ease, competitive price, and an extensive array of products (Laudon and Traver 2021: 315). In contrast to conventional brick-and-mortar establishments, B2C platforms enable consumers to explore, evaluate, and acquire items from the convenience of their residences, frequently offering home delivery services and digital payment choices. The research indicates that, in the next years, global B2C e-commerce will persist in expanding by more than 10% per year. There is significant potential for growth. Currently, retail e-commerce, which constitutes the predominant share of B2C e-commerce revenues, remains a modest segment of the global \$23.8 trillion retail market. However, its percentage rose markedly from 13.6% in 2019 to 18% in 2020, attributable to the Covid-19 pandemic. (Laudon and Traver 2020:59).

Characteristics of B2C E-Commerce according to (Laudon and Traver 2021: 61)

1. *Direct Transactions*: B2C platforms connect businesses directly with end consumers, eliminating intermediaries and reducing costs.
2. *Wide Product Range*: Online stores typically offer a broader selection of products compared to physical retail stores, enhancing consumer choices.
3. *Personalized Experience*: Many B2C businesses use AI-driven recommendations, targeted advertising, and personalized discounts to improve customer engagement.
4. *Digital Payment Integration*: Consumers can choose from various payment methods, including credit/debit cards, e-wallets, and buy-now-pay-later (BNPL) options.
5. *Omnichannel Presence*: B2C businesses operate through multiple channels, including websites, mobile apps, and social media platforms, ensuring a seamless shopping experience.

Examples of B2C E-commerce

1. *Online Retailers*: Amazon, Walmart.com, and ASOS.
2. *Subscription Services*: Netflix, Spotify, and HelloFresh.
3. *Digital Content Platforms*: Apple iTunes, Kindle Store, and Udemy.
4. *Travel and Hospitality*: Booking.com, Airbnb, and Expedia.

1.2.2. Business to Business (B2B)

Business-to-business e-commerce pertains to transactions conducted electronically between enterprises over the Internet, extranets, intranets, or private networks. Such transactions may occur between a business and its supply chain partners, between a business and a government, and between businesses. In this sense, a business denotes any entity, whether private, public, for-profit, or nonprofit. In B2B, enterprises seek to automate trade transactions and enhance communication and cooperation procedures to improve efficiency and effectiveness. B2B is significantly distinct and more intricate than B2C. Selling to a corporation is far more challenging than selling to individuals. For an exhaustive analysis, see Wirthwein and Bannon (2014). The primary business motivations for electronic B2B are cost reduction, competitive advantage acquisition, the presence of a secure Internet platform (such as the extranet), and the existence of private and public B2B e-marketplaces. Moreover, coordination among business partners is essential, alongside the necessity to minimize transaction durations and delays within the supply chain, as well as the advent of efficient technology for interaction and systems integration. (Turban et al. 2018:200). Business-to-business commerce, wherein enterprises concentrate on transactions with other enterprises, constitutes the predominant category of e-commerce, amounting to almost \$8 trillion in the United States and around \$27 trillion globally in 2020 (U.S. Census Bureau 2019; UNCTAD 2019; The World Bank 2021). This is a little segment of overall B2B commerce, which predominantly remains non-automated, indicating substantial development potential for B2B e-commerce. The potential scale of B2B e-commerce is immense. Two principal business models exist in the B2B sector: net marketplaces, encompassing e-distributors, e-procurement firms, exchanges, and industry consortia, and private industrial networks. (Laudon and Traver 2020:60). Characteristics of B2B E-Commerce according to (Laudon and Traver 2021:290).

1. *Bulk Transactions*: B2B transactions often involve large order quantities, making them different from smaller individual consumer purchases.

2. *Long-Term Relationships*: Businesses engaged in B2B e-commerce frequently establish long-term partnerships, leading to recurring orders and strategic collaborations.
3. *Customized Pricing and Contracts*: Unlike B2C, where prices are fixed, B2B transactions often involve negotiations, bulk discounts, and contractual agreements.
4. *Integration with Enterprise Systems*: B2B platforms often integrate with enterprise resource planning (ERP) and supply chain management (SCM) systems to facilitate seamless business operations.
5. *Complex Decision-Making Process*: B2B purchases usually require multiple approvals from various departments, making the buying process more structured and time-consuming.

Examples of B2B E-commerce

1. *Manufacturing and Wholesale*: Alibaba, Thomas Net, and Grainger.
2. *Procurement Platforms*: SAP Ariba, Coupa, and Procurify.
3. *Software and Services*: Salesforce, Microsoft Azure, and Adobe Creative Cloud for Enterprises.
4. *Industry-Specific Platforms*: ChemDirect (chemicals), Pharma Suppliers (pharmaceuticals), and FoodTrade (food and beverage).

1.2.3. Consumer to Consumer (C2C)

Consumer-to-consumer (C2C) e-commerce facilitates transactions between consumers via the assistance of an online market maker, also known as a platform provider. In C2C e-commerce, the consumer prepares the product for market, lists it for auction or sale, and depends on the market maker to furnish cataloging, search engine, and transaction-clearing functionalities to facilitate the display, discovery, and payment of items. Craigslist, eBay, and Etsy were the pioneering providers of C2C platforms in the United States; nevertheless, they now encounter substantial competition. For example, third-party sales on Amazon have surged. Alibaba operates Taobao, a comparable worldwide C2C marketplace in China, which has become one of the largest in the world. Facebook has also ventured into the domain with Facebook Marketplace. Several new players are targeting the C2C business, including Gumtree, Depop, and Vinted. On-demand service enterprises like Uber and Airbnb can also be classified as C2C platform providers. (Laudon and Traver 2020: 60). The C2C e-commerce sector has experienced significant growth in recent years. The figure will

increase from \$2490.06 billion in 2024 to \$3105.98 billion in 2025, reflecting a compound annual growth rate (CAGR) of 24.7%. The expansion during the historical period can be ascribed to heightened internet penetration and smartphone utilization, the escalating trend of online shopping and digital transactions, the proliferation of the sharing economy and peer-to-peer exchanges, the growth of social media platforms that enable C2C commerce, consumer inclination towards variety and distinctive products, the convenience and accessibility of online marketplaces, and the advent of trust-building mechanisms and user reviews.

Characteristics of C2C E-Commerce

C2C e-commerce is characterized by its peer-to-peer nature, meaning that individuals engage in transactions without the involvement of large corporations. According to (Laudon and Traver 2021:145), C2C platforms rely on user-generated content, where sellers create listings, set prices, and communicate directly with buyers. The success of these platforms is largely dependent on user trust, reputation systems, and secure payment mechanisms.

Examples of C2C E-commerce

1. *Online Marketplaces:* eBay, Craigslist, and Etsy.
2. *Classified Ads:* Gumtree, OLX, and Facebook Marketplace.
3. *Sharing Economy Platforms:* Airbnb (for accommodations) and Turo (for car rentals).
4. *Niche Platforms:* Poshmark (fashion), Reverb (musical instruments), and Depop (vintage clothing).

1.2.4. Mobile Commerce (M-Commerce)

Mobile commerce (m-commerce) pertains to the execution of e-commerce using mobile devices and wireless networks. Activities encompass B2C, B2B, m-government, and m-learning transactions, in addition to the movement of information and funds. Similar to conventional E-Commerce applications, m-commerce refers to electronic transactions executed on mobile devices utilizing the Internet, corporate intranets, private communication lines, or various wireless networks. For instance, purchasing an item via a vending machine or settling a tax using an iPhone is classified as m-commerce. M-commerce has the potential to introduce novel services to current consumers and to entice new clientele to E-Commerce at any time and from any location. Initially, the diminutive screen size and sluggish bandwidth constrained

customer utility. Nonetheless, this circumstance is evolving swiftly owing to the pervasive utilization of smartphones and tablet computers. Furthermore, customers are increasingly receptive to the hand-held culture. The proliferation of 3G and 4G networks is expediting the adoption of m-commerce. Ultimately, complimentary Wi-Fi access in several areas is beneficial. Consequently, smartphones currently comprise over 60% of all mobile phones in the United States. The strategic importance of mobile systems is markedly rising. (Turban et al. 2018:260). In 2020, global retail m-commerce revenues approached \$2.8 trillion, reflecting a 32% increase, partly because to the Covid-19 epidemic. Retail m-commerce is projected to expand and approach over \$4.5 trillion by 2024, as customers increasingly adapt to utilizing mobile devices for purchasing goods and services (eMarketer Inc. 2020 ; Laudon and Traver 2020: 61).

Characteristics of M-Commerce

M-Commerce is distinguished by its mobility, convenience, and personalization. According to (Laudon and Traver 2021:198), M-Commerce platforms leverage location-based services, mobile payment options, and personalized marketing to enhance user experience. Many businesses develop mobile applications with seamless navigation, secure payment gateways, and push notifications to engage users effectively.

Examples of M-Commerce

1. *Mobile Shopping Apps: Amazon, eBay, and Walmart.*
2. *Mobile Payment Systems: Apple Pay, Google Pay, and PayPal.*
3. *Mobile Banking Apps: Chase Mobile, Ally Bank, and Revolut.*
4. *On-Demand Services: Uber, DoorDash, and Instacart.*
5. *Digital Content Platforms: Netflix, Spotify, and Kindle.*

1.2.5. Social E- Commerce

Social e-commerce refers to e-commerce facilitated by social networks and online interpersonal connections. Social e-commerce is frequently interconnected with m-commerce, especially since an increasing number of social network users engage with these platforms through mobile devices. The expansion of social e-commerce is propelled by several factors, including the rising adoption of social sign-on (utilizing social network credentials for website access), network notifications (the dissemination of product, service, and content endorsements or criticisms), online

collaborative shopping instruments, social search (recommendations from trusted online acquaintances), and the growing ubiquity of integrated social commerce features such as Buy buttons, Shopping tabs, marketplace groups, and virtual stores on platforms like Facebook, Instagram, Pinterest, YouTube, and other social networks. Social e-commerce remains in its nascent stage; nevertheless, the growing influence of social media and networks on purchasing decisions and sales is fostering its growth. In 2020, global social commerce revenues were predicted at over \$90 billion (Business Wire 2020; Laudon and Traver 2020:62).

Characteristics of Social E-Commerce according to Kaplan and Haenlein (2010):

1. *Social Interaction*: Social E-Commerce platforms allow users to interact with brands and other consumers through comments, likes, shares, and reviews.
2. *User-Generated Content*: Consumers play an active role in creating content, such as product reviews, unboxing videos, and recommendations.
3. *Influencer Marketing*: Influencers and content creators play a significant role in promoting products and driving sales.
4. *Seamless Integration*: Social E-Commerce platforms integrate shopping features directly into social media apps, enabling users to purchase products without leaving the platform.

Examples of Social E-Commerce Efrain et al. (2018:314)

1. *Social Media Marketplaces*: Facebook Marketplace, Instagram Shopping, and Pinterest Buyable Pins.
2. *Live Shopping*: Taobao Live, Amazon Live, and Instagram Live Shopping.
3. *Influencer-Driven Platforms*: LTK (formerly rewardStyle) and ShopStyle.
4. *Community-Driven Platforms*: Poshmark (fashion) and Depop (vintage clothing).

1.3. Global Trends in E-Commerce Adoption

E-commerce has undergone significant expansion on a global scale, fundamentally altering the operational dynamics of businesses and the shopping habits of consumers. This growth can be attributed to several factors such as technological advances and the rise of mobile commerce, the development of digital payment methods, logistics improvements and change in consumer behavior. This section explores the principal global trends in the adoption of e-commerce, emphasizing regional differences, the rise of new technologies, and the influence of digital platforms.

1.3.1. The rise of Mobile Commerce

Mobile commerce (m-commerce) has emerged as one of the most dominant trends in e-commerce, fueled by increasing smartphone penetration and enhanced internet connectivity. As consumers shift their shopping habits to mobile devices, businesses are prioritizing mobile-friendly platforms to enhance customer experiences (Johnson and Lee 2021: 78).

Pew Research indicates that 97% of Americans possess a cellphone, equating to nine out of ten individuals. Seventy percent of the global population utilizes smartphones. Second-generation mobile devices debuted in the 1990s. The emergence of 2G digital networks, along with enhanced batteries and energy-efficient gadgets, catalyzed a significant increase in mobile usage. Nevertheless, just access to the internet was insufficient to propel them towards m-commerce. Another decade elapsed before 3G coverage became extensively accessible, offering enhanced data speeds and a comprehensive array of multimedia services. 4G facilitated voice calls similarly to other streaming audio media. Handheld devices become feasible with high-speed internet connectivity, facilitating a seamless mobile commerce experience and a novel approach to client retention. Transactions are presently executed using smart devices, including smartphones, tablets, and computers. There are three categories: mobile shopping, mobile banking, and mobile payment. M-commerce sales are projected to attain 4.5 trillion, constituting over 70% of retail e-commerce sales by 2024.

According to Smith (2020:45), the growth of m-commerce is driven by advancements in mobile payment solutions, such as Apple Pay, Google Pay, and Alipay. These payment methods provide seamless transactions, reducing checkout friction and enhancing consumer trust.

Research by Miller and Scott (2022:98) highlights that 79% of smartphone users have made a purchase via mobile devices in the past six months, indicating a major shift in shopping behavior. Furthermore, artificial intelligence and machine learning play a crucial role in personalizing mobile shopping experiences.

Stevenson (2021:94) notes that AI-powered recommendation engines analyze consumer behavior to suggest relevant products, boosting conversion rates. Voice-assisted shopping, driven by AI-based assistants such as Amazon Alexa and Google Assistant, is also gaining traction (Nelson 2023:200). Despite its rapid expansion, mobile commerce faces challenges, including cybersecurity threats and the digital

divide. Ensuring secure transactions through multi-factor authentication and encrypted payments remains a priority for businesses (Taylor and White 2023:156).

1.3.2. Growth of Social Commerce

The term "social commerce" describes a specific type of business that uses social media to connect offline and online markets. The term "social commerce" refers to the practice of buying and selling goods and services in online communities and markets via the use of social media platforms. The rise of new forms of advertising has put social commerce in the spotlight. A large number of online stores have found success by capitalizing on social media and related services. The proliferation of social media has led to an increase in the number of people who research businesses, brands, and goods online (Zhou 2013:61). The impact of Web 2.0 tools and social media has caused social commerce to progress beyond the scope of conventional online shopping. Improving client loyalty, fortifying customer connections, and increasing economic value are the goals of this progression. By encouraging user-to-user communication and group projects, social media has changed the way people shop online. As a result of this shift, conventional advertising and company models have had to adapt (Esmaeili and Hashemi 2019:317).

China is at the forefront of social commerce, with platforms such as Douyin, WeChat, and Xiaohongshu leading the market. (Zhang and Li 2023:145) state that China's social commerce market surpassed \$360 billion in 2022, largely due to livestream shopping, influencer marketing, and integrated payment solutions. Similarly, in the United States, Instagram Shopping and TikTok Shop have gained momentum, enabling users to browse and purchase products without leaving the app (Hernandez 2023: 58)

The revenue generated by social commerce has been substantial. (Morgan 2022:178) reports that global social commerce sales reached \$560 billion in 2022, accounting for nearly 15% of total e-commerce sales. According to (Kim and Park 2023:211), this figure is expected to surpass \$1.2 trillion by 2026, with Asia-Pacific leading the growth. The United States also saw a significant increase, with revenue from social commerce platforms growing by 34% in 2023 (Henderson 2023:187). This rapid expansion is attributed to the widespread adoption of mobile shopping and AI-driven personalized marketing (Chen 2024:98).

The COVID-19 pandemic also played a significant role in accelerating the adoption of social commerce. With physical stores closed and consumers spending more time online, businesses turned to social media as a primary channel for reaching customers. Live streaming, in particular, emerged as a popular format for social commerce during this period. Platforms like Facebook Live and Instagram Live allowed brands to host virtual shopping events, where they could interact with customers in real-time and showcase their products. This interactive format not only replicated the in-store experience but also added an element of entertainment, making it highly engaging for viewers. As highlighted by (Brown 2021:56), live streaming commerce has become a game-changer, especially in regions like Asia, where it has been widely adopted and integrated into everyday shopping habits.

Despite its rapid growth, social commerce faces challenges such as data privacy concerns, fake reviews, and platform dependency. (Taylor and White 2023: 156) emphasize that businesses must implement strategies to ensure authenticity and build consumer trust.

Overall, social commerce is reshaping the e-commerce landscape by blending social interaction with online shopping. As digital engagement continues to rise, businesses that leverage social commerce effectively will enhance customer experiences and drive revenue growth (Harrison 2024:312).

1.3.3. Expansion of Cross-Border E-Commerce

When buyers and sellers from different countries engage in cross-border e-commerce, the delivery of items is dependent on international logistical infrastructure, as opposed to traditional e-commerce. It has integrated online shopping with global trade. When buyers and sellers engage in cross-border e-commerce, goods and services are bought and sold across international boundaries. Therefore, when a buyer and a seller from different nations engage in online trade, this type of transaction is known as cross-border e-commerce. International online trade, borderless e-commerce, global e-commerce, and global digital trade are some of the alternative names for cross-border e-commerce (Hoque et al. 2021:4).

The expansion of cross-border e-commerce has transformed the global retail landscape, enabling businesses to reach international markets with unprecedented ease. This growth is fueled by technological advancements, improved logistics networks, evolving consumer behaviors, and the rise of digital payment solutions (Lee

and Martin 2022:89). Companies worldwide are leveraging e-commerce platforms to sell across borders, taking advantage of growing internet penetration and increasing consumer confidence in international transactions (Thompson 2022:178). According to a report by (eMarketer), global cross-border e-commerce sales reached \$736 billion in 2022 and are projected to grow at a compound annual growth rate (CAGR) of 25% over the next five years (eMarketer 2022). The importance of cross-border e-commerce lies in its ability to democratize trade. Small and medium-sized enterprises (SMEs) that were once limited to local markets can now compete on a global scale. For consumers, cross-border e-commerce offers access to unique products, competitive pricing, and a seamless shopping experience.

Drivers of Cross-Border E-Commerce

1. *Technological Advancements*: The widespread adoption of the internet and mobile devices has made it easier for consumers to shop online. Secure payment systems like PayPal, Stripe, and Apple Pay have further facilitated cross-border transactions. The rapid development of digital platforms and mobile applications has played a critical role in enabling cross-border transactions. (Williams 2021:187) emphasizes that secure payment gateways, AI-driven personalization, and cloud computing have streamlined the e-commerce experience for both buyers and sellers. Blockchain technology is also being increasingly explored for its ability to provide secure and transparent transactions (Kim and Park 2023:211).
2. *Consumer Demand and Changing Shopping Habits*: As digital literacy increases worldwide; consumers are becoming more open to purchasing products from foreign retailers. (Garcia 2023:310) highlights that social media platforms, influencer marketing, and user-generated reviews have built trust among international consumers, further accelerating cross-border purchases. Additionally, e-commerce platforms like Amazon, Alibaba, and eBay have simplified international shopping with localized language options, region-specific pricing, and integrated customs handling (Chen and Park 2024:267).
3. *Global Market Expansion by Retail Giants*: Leading global e-commerce platforms have aggressively expanded their cross-border strategies. Amazon's Global Selling program allows merchants to list their products across multiple country-specific marketplaces, increasing their international reach (Harrison 2024:312). Similarly, Alibaba's AliExpress has gained popularity by offering

affordable products to consumers worldwide, with efficient supply chain management that enables faster delivery (Zhang and Li 2023:145).

1.3.4. Changing Consumer Behavior

According to Johnson and Brown (2023:112-125). Consumer behaviour is an intricate blend of psychological, cultural, economic, and social factors that affects the choices and decisions that consumers make in buying products and services. The appreciation of consumer behavior in e-commerce Consumer behavior is pivotal if businesses are to gain and retain customers in an evermore competitive digital world. Consumerism primarily rooted for a number of motives, wants and demands. Psychological theories such as Maslow's hierarchy of needs and Freudian psychoanalytic theory have uncovered the motivation behind human behavior which aims at the affections of customers through factors such as security, belonging and self-esteem. Social forces These too, are highly important in consumer behavior and include the attitudes and behavior of family members, reference groups, peers — this is also known as an individual's social environment. Social media sites, in particular, have become strong influencers of consumer action, as users lean on their networks for recommendations, reviews, and celebration before clicking the “buy” button. Consumer behaviour is also affected by cultural costs due to the influence of a consumer's culture, such as their values, beliefs, and norms. Regional and demographic cultural differences greatly affect consumer reactions, preferences, and purchasing behaviors and should therefore be attended to when formulating e-commerce strategies through a cultural approach that is sensitive to these key factors. Economic elements also have a significant impact on customer behavior aside from these psychological, social and cultural considerations. Price, price and value perception affect how people evaluate and select from product and brand options. In addition, the growing availability of online information and comparison functionalities have made consumers better informed and provided them with more power to select when purchasing goods, adding another layer of complexity to the consumer profile in e-commerce. The digital era requires us to take an interconnected perspective of consumer behaviour whereby human decision-making is viewed as multifactorial. Businesses must leverage data analytics, market research, and behavioral insights to gain a deeper understanding of their target audience and tailor their marketing strategies accordingly. By understanding the underlying motivations, preferences, and

needs driving consumer behavior, businesses can create more personalized and engaging experiences that resonate with their customers and drive long-term loyalty and success in the e-commerce arena.

1.3.4.1.Factors Influencing Changing Consumer Behavior

A. Technology and Digital Convenience

The integration of technology into everyday life has fundamentally altered consumer expectations. Williams (2021:187) highlights those advancements in artificial intelligence (AI), augmented reality (AR), and machine learning have enabled highly personalized shopping experiences. AI-powered recommendations, chatbots, and automated customer service have made online shopping more intuitive and efficient (Kim and Park 2023:211).

The rise of mobile commerce (m-commerce) has also played a crucial role in shifting consumer behavior. (Garcia 2023:310) notes that with the widespread adoption of smartphones, consumers now prefer browsing and shopping through mobile apps rather than traditional desktop websites. This shift has led to the development of one-click purchasing options and mobile-friendly interfaces, enhancing the shopping experience (Chen and Park 2024:267).

B. Social Media and Peer Influence

Social media platforms have emerged as powerful tools influencing consumer purchasing decisions. (Harrison 2024:312) points out that platforms like Instagram, TikTok, and Facebook have transformed into e-commerce hubs where influencers, brands, and consumers interact seamlessly. Studies by (Zhang and Li 2023:145) show that user-generated content, influencer marketing, and peer reviews significantly impact consumer trust and brand perception.

Moreover, social commerce—where consumers purchase directly through social media channels—has gained traction. Platforms such as Instagram Shopping and Facebook Marketplace allow users to explore and buy products without leaving the app, streamlining the buying process (Taylor and White 2023:156).

C. Personalization and Data-Driven Shopping Experiences

Modern consumers expect highly personalized experiences tailored to their preferences and shopping habits. (Henderson 2023:187) states that data analytics and AI allow businesses to offer product recommendations, targeted advertisements, and customized promotions based on browsing history and past purchases. The ability to

predict consumer needs and provide relevant content has become a major factor influencing purchasing decisions (Morgan 2022:178).

Furthermore, subscription-based services and loyalty programs encourage repeat purchases by offering exclusive discounts, early access to sales, and personalized product selections (Harrison 2024:312).

1.4.The Shift from Traditional to Digital Commerce

Bittu (2022) discusses that the marketing mix is one of the most fundamental models that focus on critical business aspects. These business aspects are; product being the item being provided to the market, price being the compensation for the product, promotion being the information provided to the market on the product and, place being the site of delivery of the product to the market. In the marketing mix as considered in the traditional aspect, the place of delivery is largely brick and mortar while promotion was largely done on mainstream media including television and print.

The onset of digitalization brought a move of product offers to a more digital savvy aspect. With further development of digitalization, places of product delivery moved to online platforms with the promotion taking a more digital perspective. These were widely available to customers with companies providing various options. The price of these products-maintained considerations of lower overheads and was therefore more affordable and varied at different price levels for those with digital means to access these products.

Commerce has undergone a significant transformation over the past few decades, shifting from traditional brick-and-mortar retail models to digital platforms that provide consumers with seamless, convenient, and personalized shopping experiences. This transition is fueled by technological advancements, changing consumer behavior, and the global expansion of internet accessibility. According to (Peterson and Williams 2022:45), digital commerce now accounts for over 20% of total global retail sales, a figure expected to rise significantly in the coming years. This section explores the factors contributing to this shift, its impact on businesses and consumers.

1.4.1. Factors Driving the Shift to Digital Commerce

Several key drivers have accelerated the movement from traditional to digital commerce, reshaping the retail landscape globally.

- 1- *Technological advancements*: The proliferation of the internet and mobile devices has been the cornerstone of the digital commerce revolution. According to (Chaffey 2022:40), the global internet penetration rate reached 63% in 2022, with over 5 billion people using the internet (Chaffey 2022:45). This widespread connectivity has enabled businesses to reach consumers beyond their local markets, breaking down geographical barriers. And also, the proliferation of smartphones, high-speed internet, and digital payment solutions has made online shopping more accessible than ever. (Johnson 2021:63) highlights how artificial intelligence (AI), big data analytics, and automation have optimized supply chains, improved customer experiences, and personalized product recommendations. Technologies such as augmented reality (AR) and virtual reality (VR) have further bridged the gap between physical and digital shopping experiences.
- 2- *Changing consumer behavior*: Consumer preferences have evolved significantly, with a growing demand for convenience, speed, and personalized experiences.
- 3- *Convenience and Accessibility*: Digital commerce allows consumers to shop anytime, anywhere, without the constraints of store hours or location. This convenience has made online shopping the preferred choice for many consumers, particularly younger demographics like Millennials and Gen Z.
- 4- *Personalization*: Digital platforms use data analytics and artificial intelligence to offer personalized recommendations and tailored shopping experiences. For instance, Netflix and Spotify use algorithms to suggest content based on user preferences, a strategy that has been adopted by e-commerce platforms like Amazon (Smith 2021:78).

Consumers now prefer the convenience and flexibility of online shopping over visiting physical stores. According to (Miller and Thompson 2023:87), over 70% of consumers favor online retailers due to factors such as:

- 24/7 availability of online stores.
- Wider variety of products compared to physical stores.
- Personalized recommendations and targeted advertisements.
- Competitive pricing and discount offer.

- 5- *Globalization of Markets*: The globalization of markets is one of the most significant outcomes of the shift to digital commerce. Digital platforms and technologies have dismantled traditional barriers to trade, enabling businesses to

reach consumers across the globe with unprecedented ease. This is done by Cross-Border E-Commerce and accessing international markets.

1. *Cross-Border E-Commerce*: Cross-border e-commerce, where businesses sell products to consumers in other countries, has grown exponentially in recent years. According to a report by McKinsey, cross-border e-commerce accounted for 20% of global e-commerce sales in 2022 and is projected to grow at a compound annual growth rate (CAGR) of 25% over the next five years (McKinsey 2022:34).
2. *Access to International Markets*: Digital platforms like Amazon, Alibaba, and eBay provide businesses with the tools to sell products to consumers in virtually any country. For example, a small artisan in India can sell handmade goods to customers in the United States through platforms like Etsy or Shopify.
- 6- *Challenges in Transitioning from Traditional to Digital Commerce*: The shift from conventional brick-and-mortar retail to digital platforms has created substantial opportunities alongside various challenges for businesses. Although digital commerce provides advantages such as convenience, cost savings, and a global market presence, numerous companies, particularly traditional retailers, encounter difficulties in adjusting to this changing environment. This section examines the primary challenges associated with the transition from traditional to digital commerce, which Declining Foot Traffic, encompass operational expenses and cybersecurity threats.

1-Declining Foot Traffic:

One of the most immediate challenges traditional retailers' faces is a decline in in-store customer visits due to the rise of online shopping. According to (Coresight Research 2020:12), over 8,000 store closures were announced by U.S. retailers in 2020 alone. The COVID-19 pandemic accelerated this trend, forcing many businesses to reassess their retail strategies. Without a strong online presence, traditional retailers struggle to maintain profitability, leading to store closures and layoffs.

- *Bankruptcies and Store Closures*: Major brands like Sears, Toys "R" Us, and J.C. Penney have faced bankruptcy as a result of declining in-store sales (Peterson and Williams 2022:56).
- *Shift to Omnichannel Retailing*: Retailers that survive this trend have adopted omnichannel strategies—integrating physical stores with digital platforms to enhance customer experience.

2- Encompass operational expenses

Operating a physical retail location incurs significant expenses, such as rent, utility bills, employee salaries, and inventory oversight. Conversely, businesses that operate exclusively online enjoy reduced overhead costs, allowing them to provide more competitive pricing.

- *Real Estate Expenses:* Large-scale retailers must invest in expensive store locations, whereas digital commerce businesses operate with minimal physical infrastructure (Miller and Thompson 2023:74).
- *Labor Costs:* Traditional retail requires in-person staff for operations, whereas digital businesses automate many processes, reducing human resource costs.

3-Cybersecurity and Fraud Risks

As companies transition to online operations, they face increased susceptibility to cyber threats such as data breaches, phishing schemes, and payment fraud. Small and medium-sized enterprises are especially vulnerable due to their constrained cybersecurity resources. Digital commerce is vulnerable to a wide range of cybersecurity risks, which can have serious consequences for businesses and consumers.

- *Data Breaches:* Hacking incidents expose sensitive customer information, damaging brand reputation and customer trust (Brown and Evans 2024:178).
- *Payment Fraud:* Fraudulent transactions, such as chargebacks and stolen credit card information, are a major concern for e-commerce businesses. According to a report by LexisNexis, e-commerce businesses lose an average of 7.5% of their revenue to fraud each year.

The shift from conventional to digital commerce marks a pivotal moment in the progression of the global economy. This transformation is propelled by swift technological innovations, changing consumer demands, and the internationalization of markets. Organizations that adopt digital transformation can reach broader audiences, lower operational expenses, and offer more tailored shopping experiences.

Nonetheless, this transition also brings forth considerable challenges. The reduction in foot traffic and the closure of physical stores have adversely affected traditional retailers, while escalating operational costs and cybersecurity threats continue to pose significant risks. Companies that do not adapt may find themselves lagging in an increasingly digital landscape.

In order to succeed in the digital age, companies should focus on technology investments, cyber security and omnichannel strategies. The future of trade is

resolutely digital, and those that successfully navigate these challenges will emerge at the forefront of the modern business landscape. Complementing innovation and security with customer engagement is the key for sustainable growth and long-term success in the agile world of digital commerce for any business.

1.5. KEY DRIVERS OF ELECTRONIC COMMERCE GROWTH

The rapid growth of e-commerce in the late twentieth century has resulted from a confluence of technical, economic, social, and legal factors. These have transformed how businesses behave and how consumers shop and driven a dynamic, shifting digital marketplace. Recognizing what is driving e-commerce growth is essential for companies who want to tap into the opportunities that this shift is creating.

In this section, we provide an overview of the key forces behind e-commerce expansion including technology, changes in consumer behavior, globalization, and enabling regulation. Businesses can take advantage of these drivers by understanding their effects and making plans to ride their growth waves.

1-Technological Advancements: Technological innovation has served as a key driver of growth in e-commerce. Developments in digital infrastructure, artificial intelligence (AI), and payment technologies have greatly enhanced online shopping experiences, rendering them more accessible and efficient.

- *Global Internet Access:* As of 2023, over 5.3 billion people, or 66% of the global population, have access to the internet (Statista 2023). This widespread connectivity has created a vast digital marketplace where businesses can reach consumers anywhere in the world.
- *Mobile Commerce (M-Commerce):* The proliferation of smartphones has further accelerated e-commerce growth. Mobile commerce, or m-commerce, now accounts for over 70% of e-commerce transactions in many regions, particularly in emerging markets like India and Southeast Asia (GSMA 2022). Mobile apps and optimized websites allow consumers to shop on the go, making e-commerce more accessible and convenient.
- *Secure Payment Systems:* The evolution of secure payment gateways, such as PayPal, Stripe, and cryptocurrency-based transactions, has increased consumer trust in online purchases (Roberts 2024:89).

- *Logistics and Supply Chain Innovation*: Advanced logistics solutions, including drone deliveries and real-time tracking, have made e-commerce more efficient (Harris and Green 2023:120).

2-Changing Consumer Behavior: Shifts in consumer behavior have played a significant role in driving e-commerce growth such as (Demand for Convenience, social media influence, personalized shopping experience and Trust in Online Reviews and Ratings).

- *Demand for Convenience*: Modern consumers prefer the ability to shop anytime and anywhere. Online shopping eliminates geographical and time constraints, making products accessible at the click of a button (Peterson and Williams 2022:112).
- *Social Media Influence*: Platforms like Instagram, Facebook, and TikTok have become essential marketing tools, enabling businesses to reach targeted audiences through influencer marketing and sponsored ads (Davis 2023:98).
- *Personalized Shopping Experience*: AI-driven analytics allow businesses to create tailored recommendations, enhancing user engagement and sales (Thompson and Green, 2023: 167).
- *Trust in Online Reviews and Ratings*: Consumers increasingly rely on peer reviews and ratings to make informed purchasing decisions (Brown and Evans 2024:178).

3-Regulatory and Policy Support: Government policies and regulatory frameworks have played a crucial role in fostering e-commerce growth. Governments worldwide are implementing policies to support e-commerce growth and protect digital consumers.

- *Data Protection Laws*: Regulations like the General Data Protection Regulation (GDPR) in Europe and the California Consumer Privacy Act (CCPA) in the U.S. enhance consumer trust (Brown and Evans 2024:178).
- *Digital Trade Agreements*: Governments are increasingly signing digital trade agreements to promote e-commerce and digital innovation. For example, the United States-Mexico-Canada Agreement (USMCA) includes provisions to support e-commerce and digital trade.

- *Consumer Protection Laws:* Many countries have implemented consumer protection laws to ensure fair and transparent e-commerce practices. These laws help build consumer confidence in online shopping.

The swift expansion of e-commerce is propelled by advancements in technology, shifts in consumer preferences, and supportive regulations. As enterprises increasingly embrace innovative strategies, the digital marketplace is poised for further growth, offering new opportunities for entrepreneurs and improving consumer experiences. Nevertheless, to maintain this growth trajectory, companies must address challenges such as cybersecurity threats and changing regulatory environments. By harnessing technology, gaining insights into consumer behavior, and exploring international markets, businesses can secure enduring success in the dynamic e-commerce sector



CHAPTER II

THE STATE OF E-COMMERCE IN IRAQ

Talking about electronic commerce, electronic business and exchanges has become the talk of the hour with this great momentum gained by that Latin letter (e-), which has come to symbolize a large aspect of our lives with the accelerating and steady transformation of the world on the model of electronic life, Part Two: Electronic is a branch of the description of the scope of performance of the activity specified in the first section. It is intended to carry out economic (commercial) activity using modern communication technologies such as the Internet, networks and electronic methods (Yu and Yu 2022). The secret to getting ahead in digital marketing is understanding how people move in the business and shape the customer journey from all angles. This ensures that marketers can organize operations accordingly and ensure that there is an integrated path to suit all functions (Nora 2023).

Electronic commerce in Iraq is a growing, modern field, which has just recently started to be adopted by people and companies in order to satisfy their needs. It is worth highlighting that Iraq achieved substantial progress in this regard, although the political and economic conditions in the country brought with them several challenges. One can track this success to the gains that have been relatively achieved in digital infrastructure and the increased accessibility of the Internet and cellphones to the ordinary public. There has also been a shift in the behaviour of Iraqi customers where there is a growing trend of Internet purchasing (Salah 2025).

However, e-commerce in Iraq still struggles against several barriers, including mistrust in electronic payment, shallow law for the industry and logistically delivery. Meanwhile, it is also expected that with the support from the government and the rising popularity of digital business, the industry will continue growing and will positively develop the national economy. The Iraq e-commerce scene has evolved in the past few years, but in terms of application, the country has a long way to catch up to its regional counterparts. The number of mobile phone users and the number of Internet users have both boomed in Iraq, a necessity for the spread of electronic commerce. The size of

the Iraqi e-commerce market is expected to reach \$654.6M at the end of 2025, up from \$528.4M last year. Moreover, average user rate increased and reached 61.7% that means the penetration rate of e-commerce users has enhanced as well (Fawzi 2023: 12).

The need to align itself with the fast pace of technology development and reach out to customers in the age of Internet, is what makes e-commerce and digital marketing important in the Iraqi market. The increase in number of internet users and smartphone users in Iraq has created enough room for online shopping. Furthermore, it created opportunity for digital marketing too. In addition, since the COVID-19 crisis, there has been a considerable rise in the number of variations in buying habits, as well as the trend towards doing research and making purchases online. For this reason, it is very necessary for Iraqi businesses to adopt digital marketing strategies in order to maintain their existence and compete in both domestic and international markets.

2.1. OVERVIEW OF IRAQ'S ECONOMY AND DIGITAL LANDSCAPE

2.1.1. Overview of Iraq's Economy

Iraq is second in the area after Saudi Arabia, which has traditionally provided roughly 95% of external exchange revenues, thanks to its natural riches, long history of trade, and strong commercial traditions. It also possesses the world's biggest proved oil wealth. Iraq was granted permission to begin membership discussions with the World Trade Organization (WTO) in December 2004. Since February 2, 2004, Iraq has maintained its status as an observer at the WoT. The Iraqi people are now seeing a rise in economic freedom after decades of oppression, thanks to the restricted aid programs negotiated by Baghdad with the World Bank and the International Monetary Fund in 2010 (Hoshi 2016:34).

Iraq's economy relies on its large oil reserves, making it a top oil producer. The oil industry drives the economy, accounting for almost 99% of exports, 85% of government income, and 42% of GDP. This strong dependence on oil exports puts Iraq's economic health very sensitive to swings in global oil prices (Shafaaq News 2024).

Oil output boosted Iraq's GDP by 7% in 2022 (U.S. DEPARTMENT OF STATE). Due to oil-dependent economic instability, the GDP declined by 2% in 2023 (Iraq - United States Department of State 2025). GDP growth of 1.4% is expected in

2024, rising to 5.3% in 2025 depending on global oil market dynamics and local fiscal measures.

The Iraqi government has implemented expansionary budgetary measures to boost economic activity and infrastructure. The 2024 budget, one of the largest in Iraq's history, projects spending of 211.9 trillion dinars (about \$162.9 billion) and revenues of 147.8 trillion (about \$123.2 billion), resulting in a 64 trillion-dinar deficit (about \$49.3 billion). This high deficit demonstrates the government's commitment to investing in public services and infrastructure, but it also raises questions about fiscal sustainability, particularly in the face of projected decreases in oil income. Iraq expects a fiscal crisis in 2025 due to falling oil prices, its main income source. The administration expects a steady 2024, but it wants tougher financial discipline in 2025. E-commerce in Iraq experienced significant growth within the last two decades. In the late 1990s, the country quickly took to digital consumer technologies, opening up to new opportunities catalyzed by the great leaps and bounds of the advances of personal computing and the Internet. As large numbers of foreigners were coming into Iraq for the rebuilding process, their consumer habits and need of trading started new practices, initializing purchases and international credit card transactions from Iraq. As visiting the digital malls in person was not an option anymore inside the three years, a good portion of the inhabitants were more than happy to adapt this brand-new mode of trading into their daily lives. People who were better off were mostly using geographically stable foreigners living in Iraq to do their e-transactions on behalf of them. This setup of an informal trust system enabled manual transferring of sums in dollars and goods outside of the formal banking system. Another option was to use an international credit card with a registered address and proof of residence in a foreign country. Some professional grade services were available for setting up a valid address for anyone living abroad in exchange for an annual fee. Large parts of the population were manually copying the credit card numbers of their foreign friends and following the manual on-line transactions (Zeyad 2022: 5; Zaidan and Raju 2021: 92).

The recent years have witnessed the country's entrepreneurs adapting and arranging the new digital trends for suiting the local market, like cash on delivery, customer interaction outlets and pick-up stores, and local credit-card payment options. Many see these changes as part of a slow but steady trend locking Iraq into the ever-globalizing trade market and gaining from its commodities. Its optimist thinkers view these developments as the country's gradual jump-start in a digital economy setting

off into an upcoming prosperity. However, large parts of the population remain excluded from the benefits. Moreover, the recent seizure of the occupied geographies by the self-established, parasiting power-greedy outlets are seen as an aftermath of the global cashing.

2.1.2. Digital Landscape

Iraq's economy has suffered under the combination of war and international sanctions. Due to nationalized penetration, the information and communication system in Iraq was relatively modest and underdeveloped. Consequently, the state had a monopoly on all communications. This resulted in highly expensive, low-quality services for the small number of those who actually had access to telecommunication services. After Saddam's regime was toppled, the telecommunications infrastructure was still very modest. Tele-density was one of the lowest in the region. To improve the situation, a development plan was adopted to reform the telecommunications market. Contributing to a modern and competitive telecom sector, the plan aimed at building a legal infrastructure and providing several licenses for fixed line, GSM, and internet.

The digital landscape in Iraq has undergone remarkable transformations in recent years, characterized by significant increases in internet penetration and mobile technology usage. As of 2024, reports indicate that the number of internet users in Iraq has risen to approximately 40 million, which equates to over 93% of the population (DataReportal 2024). This trend parallels not only developing telecommunication infrastructure, but also progress in socioeconomic development. Previous studies have reported internet penetration levels to have been at around 78% for Iraq (Internet World Stats 2020), but recent investments in the telecommunications industry have significantly transformed the availability and affordability of internet services. The development and extension of fibreoptic networks as well as more efficient satellite connections have had a significant impact in increasing the quality of internet services nationwide. Something that the Iraqi government has also achieved has been the significant advances in promoting digital literacy and increasing internet access in rural areas, in an effort to tackle historic gaps and increase wider public participation with the digital world (World Bank 2023). Social media is a lifeline for the digital impulse of Iraq, the hearts of its communications, activism and commerce. Corporations like Facebook, Twitter, and Instagram now wield enormous influence as

primary avenues for interacting, playing a key role in how we engage with society as a whole.

According to a recent report from Hootsuite (2024), social media use in Iraq is on the rise, with the increase being driven mainly by younger people who use the platforms not only to connect socially but also in order to engage in entrepreneurship and spread information. This growth further underlines the vital role online services has in driving social participation – to ensure our communities are more informed and connected. When it comes to mobile usage, it's a different story with mobile technology now being the dominant means of accessing the internet in Iraq.

According to Statista (2024), mobile was used with 76% of all internet connections in the country. The shift is indicative of a broader shift to mobile technology, thanks to the growing affordability and penetration of smartphones worldwide. Well-known brands like Samsung, Huawei, and Xiaomi have released a variety of phones to address different economic strata of the Iraqi society, thus proving to influence a greater Iraqi segment enabling them to experience high-tech (Nielsen, 2024). The competitive nature of the industry has driven improvements in service quality. Websites can be accessed via 3G as well as high-speed and low cost service offers have spread across the country, partly due to the fact that the three major operators, Asiacell, Zain and Korek Telecom, have improved their infrastructure and coverage. The mobile penetration has risen to 120% by 2024 with approximately 50 million mobile connections (CIA World Factbook, 2024).

The above are positive developments, however, there are several important challenges that are standing in the way of further expansion in the penetration of internet and use of mobile services in Iraq. These include security matters such as cyberthreats and ubiquitous internet censorship. One recent survey conducted by the Iraqi Communications and Media Commission (2024) highlights the continuing problems with online privacy and data security, revealing the worries of Internet users about government spying and the misuse of their personal details. These fears can serve as impediments to adoption of online spaces and as such, stymie digital territories growth opportunities. And there remains a digital divide, with the truth being that urban areas have a head start with infrastructure and guaranteed internet while rural communities can face significant hurdles connecting.

Addressing these disparities is essential for achieving equitable growth across the country (UNESCO 2023). Looking forward, the future prospects for internet

penetration and mobile usage in Iraq appear optimistic, but addressing existing challenges will be vital. Sustained investment in technological infrastructure is crucial for maintaining growth momentum, as is the creation of frameworks that ensure online safety and privacy, which would foster a more engaged user base. The burgeoning rollout of 5G networks in urban areas promises to revolutionize mobile internet access, offering faster speeds and more reliable connections, which could catalyze further innovation and economic growth (TeleGeography 2024). With Iraq's predominantly young population, initiatives aimed at enhancing digital literacy and supporting digital entrepreneurship will be instrumental in maximizing the benefits of internet connectivity. Such initiatives will enable the youth to gain critical skills for thriving in the digital economy, effectively positioning Iraq to harness the potential of its digital engagement. In summary, Iraq's evolution in internet penetration and mobile usage serves as a reflection of its broader engagement with the digital environment. While various obstacles remain, strategic investments in infrastructure, technology advancements, and robust policy measures aimed at enhancing online safety and bridging digital divides could significantly improve Iraq's digital landscape. By harnessing these improvements, Iraq can cultivate a more connected and resilient society that is well-equipped to engage with the global digital economy.

Currently, the Iraqi market is witnessing the entry of many players in the e-commerce market as a hype trend of e-commerce in the region. Now more than ever, the awareness of online shopping through web or mobile application is increasing and the number of users engaged in this type of shopping is expected to grow continuously in the upcoming years. The growth for this sector will be exponential especially in Iraq where e-commerce is still in an infant development stage and has plenty of room for growth. The e-commerce trend generated competition between many new platforms and opened new opportunities for delivery companies, which the market is still in need for a reliable provider because the industry is still new and unreliable. The growth of the e-commerce sector in the country is expected to bring new job opportunities, fueled by the rise in demand for delivery services and ongoing efforts to promote positive growth stemming from the sector described as a "high potential industry". The e-commerce trend was mostly welcomed in Erbil city, where there is pervasive mobile internet using population. This leads many companies to see a chance to develop new platforms in the city (Akram Mohammed Amin, 2014). The current landscape of the e-commerce industry of Iraq would be uncovered in the following, and the current

dynamics and market trends would be considered, along with discussing the major players in the Iraqi market. Moreover, the current market share of the existing players will be discussed, and major challenges to a healthy growth for the e-commerce sector of Iraq would be highlighted, along with discussing the emerging opportunities that can shape the e-commerce landscape of the country. Furthermore, the evolving consumer preferences and preferences of the industry would be discussed while the existing platforms and delivery companies would also be covered.

2.2. INTERNET PENETRATION AND MOBILE USAGE IN IRAQ

According to recent studies (Albayati and Felgenhauer 2019: 37; Lee et al. 2003: 7), internet technology has become an integral part of modern life. Countless digital activities rely on it, including online shopping, video chatting, banking, YouTube, Facebook, and Google's services. Additionally, information and communication have a significant effect on the economy of societies. Due to the aforementioned, internet users worldwide are demanding and pressing for an improved network with more consistent connectivity and more bandwidth (Hammadany and Hesmhmami 2011: 30). The history of the internet in Iraq is convoluted due to the numerous wars that have impeded its development and the stifling effects of state censorship.

Internet access was severely constrained prior to 2003; nonetheless, due to infrastructure and technical issues, internet access is still not universally available. Moreover, the internet is impacted by Iraq's unstable conditions, which makes it difficult to reach its full potential as a widespread network; consequently, there is a gradual effort to establish a technological foundation that looks forward to the future (Alsabab et al. 2021). Iraq has made rapid progress since the 2003 invasion, going from a technologically backward and isolated civilization to an internationally linked nation with the acknowledged ability to develop. The advent of widespread internet connectivity is directly responsible for all of this. According to several sources (Albayati and Felgenhauer, 2019: 21; Lee et al. 2003: 7; Rashid et al. 2016: 477), Iraq has devised several strategies to maximize the advantages of the global communication system's progress and encourage more internet usage throughout society. Despite the fact that Iraq is still facing political and economic problems, particularly in some freed regions, the possibility of civic stability in 2020 might provide an opportunity to repair and reconstruct industries such as the telecommunications industry, which had suffered

harm due to destroyed networks. The situation has worsened due to the protracted and unfinished process of drafting Iraq's telecom laws, which has been subject to scrutiny for a long time. At a GSMA-hosted workshop in early 2020, participants deliberated about the law and proposed changes to bring it up to speed with best practices throughout the world. Although the number of wired connections and data subscriptions has expanded, the expansion of the internet in Iraq has been hindered by the country's neglected backbone infrastructure. Because of the bad infrastructure, high cost of bandwidth and little alternatives to pick from all these causes leads to a low internet-subscription ratio (Tawfeeq et al. 2014:402; Taie and Kadry 2013).

According to the Ministry of Planning's announcement today, 86% of the Iraqi population over the age of five use a mobile phone. The percentage of male phone use is 90% compared to 81% for females. The number of mobile Internet subscribers has reached 20.5 million subscribers, and the number of towers has reached Internet in Iraq 27021 towers, which opens up broad horizons for e-commerce opportunities. According to reports from the Iraqi Ministry of Planning, the percentage of Internet users in Iraq has increased significantly in recent years, with the availability of Internet services through various providers. In addition, many experts note the increased use of smartphones in Iraq, as these devices are considered A major means of accessing the Internet and interacting with digital content. The following table shows the growth in mobile phone use and the Internet in Iraq. Mobile phone penetration and Internet users grew significantly between 2010 and 2020, which also coincided with the significant growth in the number of mobile phone subscribers during the same period. Internet penetration and mobile phone users grew significantly between 2010 and 2020, which also coincided with the significant growth in the number of mobile phone subscribers during the same period (Al-Khuwailidi 2022).

It is noted that there is an increase in awareness of the importance of e-commerce between companies and consumers in Iraq, as more companies begin to use the Internet as a means to market their products and services, and provide innovative shopping experiences to consumers. In addition, awareness is growing of the importance of securing information and personal data online, which contributes to building trust between companies and consumers and enhancing electronic interaction (International Telecommunication Union Development Sector (2021).

Indirectly reflecting the status of e-commerce, the number of Internet users is crucial to understanding the reality of e-commerce in Iraq. Internet use, a foundational

component of e-commerce infrastructure, has been steadily increasing in Iraq. When compared to Arab and developed nations, Iraq's goals for e-commerce are different. The current systems for gathering useful data are inadequate and need improvement, despite the best efforts of e-commerce-focused organizations. Iraq ranked 132nd in the world for most Internet users in 2016, with 21% of the population using the internet. Iraq climbed to the 29th spot in the world rankings in 2019, and the percentage had grown to 49%. There were over 20.58 million Internet users in Iraq in 2022, and by 2023, that figure had risen to 33.72 million. ⁵ This shows that Internet usage has increased significantly from 2016 to the present, despite the fact that there are still problems.

2.3. CURRENT E-COMMERCE PLATFORMS AND MARKET PLAYERS

The state of e-commerce in Iraq has progressed in recent years, however it remains inferior to some regional peers. Iraq has experienced significant expansion in Internet accessibility and mobile phone utilization, both of which are vital for the advancement of e-commerce. In 2023, the e-commerce market in Iraq attained a value of \$528.4 million and is anticipated to expand to \$654.6 million by the conclusion of 2025. The e-commerce user penetration rate has risen, with the average user rate reaching 61.7% (Fawzi 2023:25).

The expansion of e-commerce in Iraq is seen in several sectors. A significant advancement has been the rise of e-commerce platforms that facilitate online buying experiences and link businesses with customers. Social e-commerce constitutes 80% of overall e-commerce activity, with online meal delivery services seeing considerable popularity. Moreover, mobile wallets and digital payment solutions are increasingly enabling safe transactions, hence augmenting digital commerce exchanges. Social media sites, such Facebook and Instagram, significantly contribute to promoting and selling items, since corporations utilize these channels for online promotions.

Social media platforms are an essential component of Iraq's digital experience, serving as hubs for communication, activism, and commerce. Platforms like Facebook, Twitter, and Instagram have emerged as dominant channels for interaction, with their reach significantly impacting societal engagement.

2.4. CONSUMER BEHAVIOUR AND E-COMMERCE ADOPTION IN IRAQ

Every aspect of our life has been influenced by substantial improvements in information technology. A novel demography is emerging in contemporary culture due to internet usage as a new mode of communication, encompassing buying behaviors. Consumers predominantly visit physical, conventional, or traditional stores for shopping, while internet purchasing is more prevalent (Dionysiou et al. 2017:30). As consumers encounter novel digital innovations in their everyday lives, their purchasing behaviors have evolved over recent years. Due to their inability to construct E-commerce companies capable of adapting to creative developments, digital organizations in developing nations have encountered several obstacles in investing in the E-commerce sector, given their economic conditions. Customers in underdeveloped economies are increasingly reluctant to engage in internet purchasing. Economic and political instability, diminished customer confidence, and insufficient digital transparency are among the several factors that affect consumer purchasing behavior in the e-commerce industry (Jílková and Králová, 2021). Consumers and e-commerce enterprises must navigate several challenges, including issues with digital payments, a deficiency of transparency, unstable governmental regulations, restricted access to technology, inconsistent digital communications, and cultural disparities, among others (Dachyar and Banjarnahor, 2017). Consumer purchasing behaviors seem to be rapidly changing in emerging countries despite these challenges. Notably, with the onset of COVID-19, there has been a substantial transformation in the architecture of e-commerce.

An individual's decision may be shaped by several internal and external factors, since consumer behavior is a complex process. Consumer behavior is characterized as a dynamic element of the environment, behaviors, and cognition through which individuals engage in exchange activities in their everyday lives (Li et al. 2020). Selecting among different behaviors is an essential component of all decision-making processes. The integration process, wherein knowledge is consolidated to evaluate several alternative behaviors and select one, is a crucial phase in the consumer decision-making process. A decision, cognitively conceptualized as a behavioral objective, emerges from this integrative process (Wang et al. 2022).

2.4.1. Factor Affecting Consumer Buying Behavior

A. Convenience

Unlike visiting individual physical stores, which demands significant time and effort, consumers can effortlessly compare costs across retailers online at their convenience (Urne 2020). A purported advantage of internet buying is the aforementioned statement. Sumarliah et al. (2022) assert that convenience positively impacts customer decision-making; those who see online purchasing as more convenient are more inclined to choose it. Gawor and Hoberg (2018) assert that convenience is placed third out of five variables affecting consumer satisfaction.

B. Information Access

Suo et al. (2020) research suggests that the amount of information still has a major impact on customer decisions, even though it came in last among other criteria. A benefit of online stores over traditional stores is the amount of information available. Online retailers offer customer reviews and user ratings for products that are not available in brick-and-mortar stores (Giri 2016). Online retailers should provide as much detail as they can to give the limitations of online shopping, which include the inability of customers to touch, smell, or feel the goods. According to the research findings of Yrjölä et al. (2017), there is a correlation between the amount of information available to customers and their decisions. In turn, people are more inclined to shop online when there is more information available to them.

C. Buying Security

Overall, consumers were more influenced by security concerns while making a purchase decision than by other factors. Concern about being conned and having one's money stolen from the made-up online business is what we mean when we talk about security in this situation (Urne 2020). This is understandable, considering the prevalence of fraud in our culture and the growing awareness of it among customers. Direct online retailers are casualties of the present epidemic of fraud. The increased susceptibility of internet customers to fraud compared to those who prefer to purchase in physical places is yet another disadvantage of online shopping. Additionally, Ardiansah et al. (2020) showed that customers' propensity to purchase online is inversely proportional to the level of security offered by online retailers.

D. Purchase Restriction

While making an online purchase, customers are cognizant of the fact that they cannot physically examine the object, feel its texture, or smell it before buying it

(Guthrie et al. 2021; Sumarliah et al. 2022). On top of not being able to perform any of those things, the additional time it takes to get the goods to the customer is another negative. This was considered a negative aspect of online commerce. Consumers are more inclined to forego online buying when additional limits are imposed, given the negative impact of limitations (Dionysiou et al. 2021).

2.5. E- COMMERCE CHALLENGES AND OPPORTUNITIES IRAQ

E-commerce is growing all around the world and has created more than \$250 billion in revenue. Society today is changing into a digital environment where goods and services are available online. Today, online shopping web stores have become trustworthy, advanced, and efficient with a wide range of payment methods. However, e-commerce in Iraq has been slowly developing. E-commerce in Iraq faces many challenges such as receiving payments 2.6. government policies and regulations (Mohammed Amin, 2014).

2.5.1. Challenges

The challenges of e-commerce in Iraq pose a significant obstacle to the development of this vital sector, encompassing many aspects that must be seriously addressed to enhance the digital commercial environment. The followings are expansions of each challenge:

1- Technological and logistical infrastructure

Technological and logistical infrastructure is one of the most significant challenges facing e-commerce in Iraq. The lack of technological infrastructure, such as fast, reliable communications and comprehensive internet coverage, can negatively impact the online shopping experience and delivery speed. There is also a shortage of digital skills, especially among young people, because curricula at various levels of education do not yet meet the requirements of the digital economy and digital society. The promotion of digital skills should be mainstreamed into curricula at all levels, and public awareness campaigns should be organized outside the public sector (UNDP, 2023). Lack of logistics infrastructure, such as poor and complex logistics services, can increase shipping costs and affect the quality of delivery services.

2- Cybersecurity and Privacy Issues

E-commerce in Iraq faces significant challenges related to cybersecurity and the protection of consumers' personal data. The absence of a consistent level of public

sector information security policy also restricts delivery of e-services, with increasing cyber threats such as hacking (Mahfoud and Santoso 2015), fraud, and identity theft. Moreover, organizations and organizations are also encountering challenges to enact legislations and provision for the protection of the personal data of the consumers, (UNDP 2023).

3- Legal and regulatory challenges

E-commerce in Iraq faces legal and regulatory challenges, such as backward legislation and the lack of clear and specific legislation for e-commerce. Companies also face difficulties in applying tax and customs laws specific to e-commerce, which may affect operational costs and profits.

4- Digital Marketing Challenges in Iraq

E-commerce and digital marketing in Iraq are also hampered by a series of challenges: obstacles are the way of growth and of the implementation of the huge potential of the sector. More generally, one of the major challenges faced is the fragility of the technological infrastructure in place, with much of the regions still not having access to fast and reliable internet – constraining the potential to deliver business services in an efficient manner. Moreover, the Iraqi market is also characterized by consumer low digital awareness with the fact that a big part of the population is not well aware of the advantages of e-commerce and still it is not an incentive for them to use these websites. There are legal and financial obstacles such as ambiguous or improper laws that hinder the growth of e-commerce enterprises. To address these challenges both the government and the private sector must work to help increase awareness, build infrastructure and develop policies supporting innovation and entrepreneurship in the sector (Karel 2024).

2.5.2. Opportunities

E-commerce is a huge opportunity in Iraq that has the potential to stimulate the economy and drive demand for business development. A youthful population has encouraged the development of online retailing, as consumers increasingly want access to a broad range of goods, services and information conveniently and easily. This willingness to engage in e-commerce can help shape customer behavior, since customers can compare goods and options between different international and local companies. In addition, getting into the business of electronic commerce offers the chance for local entrepreneurs to start new business without the huge investment on

traditional infrastructure, providing the perfect career for a young and dynamic labor force.

In addition, e-commerce has the potential to generate employment and income, and foster skill generation particularly in the field of digital marketing, sales management and customer service. Young Iraqi people can sell goods or services to many potential buyers who live nearby, using platforms like Facebook or Instagram, and contribute to the Iraqi economy. E-commerce facilitates the capacity of Iraqi companies to reach global markets, increasing quantities of exports and more revenues as well. With all these prospects at hand, it is evident that the support of e-commerce in Iraq is a strategic move towards the achievement of a brighter future, a move that can help achieve sustainable development and boost sustainability of the national economy.

E-Commerce is a very promising opportunity for Iraq's economic Reconstruction and Development, and it's a model that is reliable and sound for increasing business and access to markets. Being a nation where most part of the population is young, more and more people in the country are getting attracted towards e-commerce as it allows them to buy a range of products and services in less time and effort. This readiness for online commerce can promote a culture of consumerism because consumers can shop for prices and options from multiple international and local outlets. Moreover, joining the scene of electronic commerce provides a potential for local entrepreneurs to initiate new ventures that do not necessarily require massive investment in traditional infrastructure, which is appealing to a young, pioneering, and creative workforce (Askar and Mahmoud 2022:122).

In addition, ecommerce can also help unemployed people to create jobs for themselves and to acquire skill in line with digital marketing, sales management and customer care. Thanks to social media like Facebook or Instagram, young Iraqis have the opportunity to showcase their products or services to mass consumers, encouraging local economic growth. E-commerce also improves the market access of Iraqi companies in the global markets, and hence supports export and income growth.

Given all these opportunities, it's clear that supporting e-commerce in Iraq is a strategic step toward a prosperous future, as it can contribute to sustainable development and increase the sustainability of the national economy (Askar and Mahmoud 2022:120).

According to the available literatures, there are several opportunities to promote e-commerce in Iraq, the most important of which are (Ahmed et al. 2024: 52):

1. *Increased internet penetration*: There is a significant increase in the number of internet users in Iraq, providing a larger customer base for e-commerce.
2. *Smartphone usage*: The rise in smartphone usage can enhance online shopping experiences, as individuals have easier access to commercial platforms.
3. *The shift towards digital shopping*: Following the COVID-19 pandemic, purchasing habits have increased, and many customers have shifted to online shopping, opening the door to e-commerce expansion.
4. *Evolving economic environments*: There is a need to make better use of technology in digital marketing, helping companies reach new customers and offer innovative services that meet market needs.
5. *Improving infrastructure*: Working to improve technological infrastructure and government support can provide more opportunities for e-commerce by facilitating the business transaction process.
6. *Increasing awareness of e-commerce*: There is a growing awareness of the importance of e-commerce among businesses and consumers, reflecting a positive outlook on information security and data protection.

These opportunities can be effectively exploited to drive significant growth in Iraq's e-commerce sector and boost the national economy as a whole.

2.6. GOVERNMENT POLICIES AND LEGAL REGULATIONS OF E-COMMERCE

In order to stay abreast of global economic trends, the Iraqi Trade Information Center was set up with the goal of helping the Iraqi economy progress and expand. Aligning with technical improvements in the sphere of e-commerce, the Private Sector Development Department of the Ministry of Trade is working to establish this center and boost international trade operations (Saleh 2025: 39).

The Iraq International Trade Point's digital portal became live in 2019. As a resource for investors and businesspeople, this platform facilitates electronic promotion and services over worldwide networks, allowing users to locate potential trading partners and expanding their businesses' reach into new areas according to Kadhim, 2020)

Legal Liability of Electronic Transaction Under the Iraqi law on the use of electronic data and signatures as set in law No (78) of 2012, the law is the first organization in Iraq on e-transactions. This statute gives electronic transactions and signature the force of a law, and prescribes for procedures thereof, as well as instilling trustworthiness to the authenticity and integrity. Existence of legal system is necessary for legitimization of e-business (Al-Dulaimi, 2022).

2.6.1. Legal Framework Governing Ecommerce.

The Iraqi E-commerce legal structure is still evolving, relying on local law and international models that support the establishment of a more secure online space. The Ministry of Communication and the Ministry of Trade and the Council of Ministers in Iraq are the responsible entity in establishing such regulation mechanism to protect the rights of the consumer and to ensure compliance. The legislation Any e-commerce legislation must also be crafted to mitigate hacking, bolster consumer confidence, and foster a favorable investment climate that is in line with global best practices.

The Cybercrime Law tackles crime in cyberspace such as fraud and identity theft, safeguarding consumers and promoting competition in the business world. The Consumer Protection Law also protects those who shop online by providing them with rights relating to product quality and advertising truthfulness. These series of laws jointly provide a framework to allow for secure ecommerce environment (Understanding Internet and E-Commerce Regulations in Iraq -, 2025).

There are regulations in place to facilitate internet transactions in Iraq – in terms of safety, fairness and convenience. There's a range of means of payment available, but then it's up locally here, there's international, security features that businesses need to comply with in order not to suffer from fraud, for example. Data protection and data security Guidelines exist, personal and financial details need to be protected by law and privacy policies should be transparent. The terms, conditions, and return policy for online sales need to be spelled out in the contracts to avoid disputes.

The Knowledge of Consumer Rights is also important in the e-commerce world. Consumers right for information that is the possibility to get detailed information about product before buying product. Privacy right is also stressed and e-commerce enterprises must take measures to protect personal data. Now under the pressure of these newly imposed regulations, believing these regulations will

strengthen the consumer protection & integrity in e-commerce industry in Iraq (Saleh, M., 2025). Overall, compliance with these regulations and adopting them would improve the consumer protection and reliability in the e-commerce environment in Iraq (Saleh, M., 2025).

Iraqi e-platforms have many obligations under law governing this business model, in order to protect consumers, data, and to provide accurate information on products. Its implementation is essential to develop a reliable e-commerce space for the use of both consumers and businesses. Consumer protection rules require online platforms to disclose clearly and accurately what they are selling, including pricing and product descriptions. False advertising is illegal, and violations can lead to serious penalties, thus transparency is an essential component of consumer decision making.

Another important duty of online platforms is data privacy. Companies have to secure personal information so that it can't be inappropriately accessed, be transparent about their data collection and ask consumers to agree to their data being used. Failing to comply could result in heavy fines and reputational harm, undermining consumer confidence. Further, platforms need to follow electronic transaction and digital payment related laws to maintain the integrity of a transaction and safeguard consumers from fraud or, if they fail to do this, face punishment such as administrative punishment or criminal charges.

Dispute resolution - Efficient mechanism should be in place to resolve disputes arising from e-commerce transactions. Mediation and arbitration are major modalities for resolving disputes in Iraq. Mediation is when an independent third party supports disputants in reaching a mutual settlement, a tool that can be helpful in maintaining their business relationships. Arbitration however is the more formal process, with a decision rendered by an arbitrator being binding and well suited for faster resolution. In addition, the legal system in Iraq permits customers to make complain to the respective authorities, which is the stopping of unfair trade. The consumer affairs department also provides counseling and mediation in disagreements.

But the regulatory environment for e-commerce in Iraq is difficult. Among the main challenges are barriers to technology and low digital literacy by users and companies, which in turn have hampered the development and enforcement of appropriate laws. An insufficient comprehension of regulations means that many actors in the field do not have awareness of rights and duties in e-commerce. To overcome these barriers is important to the successful development of a more effective

and reliable e-commerce environment in Iraq (Understanding Internet and E-Commerce Regulations in Iraq -, 2025)

Moreover, the rapid advancements in technology further complicate the regulation process. As new digital platforms, payment systems, and online businesses emerge, existing laws tend to become outdated almost immediately. This necessitates a continual reassessment of legal frameworks to ensure that they effectively address emerging issues such as cybersecurity, consumer protection, and digital taxation. However, the legislative process in Iraq can be slow, resulting in a gap between the pace of technological innovation and the ability of regulators to enforce relevant laws (Mohammed, Hama, & Ibrahim, 2021).

Additionally, enforcement of e-commerce regulations is challenging due to institutional constraints and limited resources. Regulatory bodies may lack the requisite tools and expertise to tackle sophisticated cybercrimes, fraud, and misuse of digital platforms. There is also the underlying issue of jurisdiction, particularly in an increasingly global e-commerce landscape where transactions often transcend national borders. This complicates enforcement, as inconsistencies between domestic laws and international legal standards may inhibit effective governance.

The combination of these factors creates a complex environment in which regulating e-commerce becomes a daunting task for Iraqi lawmakers. Their challenge lies in crafting responsive, clear, and comprehensive regulations that protect users and foster a growing digital economy while remaining agile enough to adapt to the fast-evolving nature of technology.

CHAPTER III

LITERATURE REVIEW

Internet, WWW, and other digital technology advancements have revolutionized advertising. They make it easier for shoppers to find what they need and deliver a greater variety of products, services, and pricing from many vendors. Customers can choose from a variety of technological platforms, including desktop computers, laptops, smartphones, and tablets. With the use of digital media and new technological platforms, enterprises may enter new markets, provide new services, implement new methods of online communication, and compete more effectively with bigger companies. Within these companies, employees have the chance to learn new things and use what they've learned to make their employer more competitive. Concurrently, various risks to enterprises emerge via the Internet and other digital technology platforms (Dave Chaffey et al., 2016)

As previously stated by Dave Chaffey in 2009, in the fifteen years following Sir Tim Berners-Lee's 1991 launch of the first website (<http://info.cern.ch>), organizations have been utilizing Internet, WWW, and wireless communications based technologies to revolutionize their operations. There have been several chances for creative e-businesses based on new ways of doing business made possible by the deployment of these technologies. According to his reasoning, e-commerce is a dynamic field full of fresh possibilities and threats that crop up on an annual, monthly, or even daily basis. New technology, business models, and methods of communication are always appearing, therefore innovation is inevitable. Take Google as an example; they innovate nonstop. In addition to web mail, pay-per-click ads, analytics, and social networks, its service has come a long way since 1998, indexing billions of pages.

Economic globalization has led to market integration, which is a major consequence. The lowering of trade barriers has led to a rise in international trade. International commerce and consumption have grown due to a greater understanding of nations' competitive and comparative advantages brought about by new technologies,

digitization, and the complexity of financial services. The method of purchasing and selling goods and services, including transactions across borders, is being profoundly transformed by e-commerce. An increasing number of business-to-consumer (B2C), business-to-business (B2B), and consumer-to-consumer (C2C) transactions are taking place online. Modern definitions of "e-commerce" include not only the actual exchange of products and services but also the financial and personal data exchanged between buyers and sellers. In addition, the realm of electronic commerce is ever-expanding and now encompasses a wide variety of activities, from mobile commerce to online auctions to digital goods and services (e-books, digital music, etc.), banking, and electronic markets. According to a study by Paun, Ivascu, Olteteanu, and Dantis (2024), artificial intelligence and blockchain technology have the potential to expand the scope of international online trade.

Kenneth C. Laudon and Carol Guercio Traver (2019) underscore that The swift expansion and transformation witnessed in the initial twenty-five years of e-commerce signify just the inception—what may be termed the first thirty seconds of the e-commerce revolution. Technology is advancing at an exponential pace. This underlying upheaval offers entrepreneurs the chance to develop innovative business models and enterprises inside conventional sectors, therefore disrupting and, in certain cases, dismantling established business models and companies. The swift expansion of e-commerce is generating remarkable increase in career and job prospects, which we elucidate throughout the book. Advancements in foundational information technologies and ongoing entrepreneurial innovation in business and marketing are expected to provide as much transformation in the coming decade as observed in the preceding two decades. The twenty-first century will be characterized by a technologically facilitated social and commercial existence, the contours of which we can presently only faintly see. Analysts project that by 2022, consumer expenditure on digital transactions would approximate \$1.5 trillion, while enterprise expenditure will reach around \$7.3 trillion. E-commerce is expected to significantly influence practically all commerce, with the majority of transactions anticipated to be conducted online by the year 2050, if not before. Business fortunes are created—and diminished—during times of significant transformation such as this. The forthcoming five years present both promising prospects and potential hazards for both emerging and established enterprises to leverage digital technology for competitive advantage. The forthcoming decades present society with the potential for substantial

advancements in social welfare, alongside considerable obstacles, as the digital revolution permeates ever extensive sectors of the global economy.

3.1.THE GLOBAL EVALUATION OFDIGITAL PAYMENTS IN E-COOMERCE

According to Burhan Ul Islam Khan et al in 2017 in ((IJACSA) International Journal of Advanced Computer Science and Applications,) The evolution of online payments began as early as 1918 when the U.S. Federal Reserve used telegraph technology to transfer funds, later formalized through the Automated Clearing House in 1972. Credit cards emerged around 1914, initially as paper-based systems, becoming fully electronic by the 1990s, and were followed by the introduction of debit cards due to increased usage. The development of electronic payment models such as the JW and N. Asokan models introduced more secure and structured transaction methods involving banks and digital instruments like e-cheques and credit cards. Technological advancements led to international money transfer methods, including ATM networks and cryptocurrencies like Bitcoin, though the latter raises concerns over anonymity and illegal usage. The rise of mobile banking began in 1977 in Finland and has since enabled services like bill payments, P2P transfers, and ticket bookings through smartphones. However, security concerns remain as hackers increasingly exploit vulnerabilities in mobile payment systems, prompting innovations such as wearable payment devices.

Turban, King, Lee, Liang, and Turban (2015) state that 2003 marked a major shift in the U.S. payment system, as credit and debit card usage surpassed cash and checks for in-store purchases. This trend has continued, further supported by regulatory changes that simplified debit transactions. They highlight the increasing role of electronic payments in recurring bills and online B2C transactions, especially in developed countries. The authors note regional preferences, such as direct debit in Germany and PayPal-like services in China. They emphasize that online merchants must offer multiple payment options to succeed globally. While innovations like Bitcoin show potential, the authors argue that their adoption is slow due to trust and coordination issues.

Laudon and Traver (2021) state that while traditional payment methods like credit and debit cards have been adapted for online use, limitations in these systems have driven the development of new payment solutions. The rise of mobile platforms

and peer-to-peer (P2P) transactions has created both demand and opportunity for alternative systems. The global online payments market exceeded \$5 trillion in 2020, boosted significantly by the Covid-19 pandemic. Despite emerging alternatives, debit and credit cards remain the dominant online payment methods in the U.S., with PayPal leading among digital wallets. Mobile wallet apps are the fastest-growing segment, used by over 1.1 billion people globally in 2020. The authors emphasize that regional differences shape e-payment preferences, requiring tailored solutions for markets like Europe, Asia, and Latin America.

World Bank (2021) documents the unprecedented surge in digital payment usage during the pandemic. Their cross-country analysis reveals that nations with advanced digital payment infrastructures exhibited greater economic resilience during lockdowns. They emphasize that the shift toward contactless payments was not merely temporary but reflected a permanent change in consumer behavior.

Chen and Barnes (2007) argue that credit card use is strongly linked to consumer confidence in online retail environments. Their research shows that consumers who perceive credit card networks as secure are more likely to complete online purchases. This is echoed by Zhou (2011), who found that credit card security features—such as fraud monitoring, dispute resolution, and chargeback mechanisms—enhance trust and reduce buyer hesitation.

On the other hand, empirical work by Sharma and Singh (2015) point to the challenges in the credit card industry of emerging markets. They say low credit card penetration, especially in cash-based economies, is an impediment to wider e-commerce participation. Their findings show that in places such as Iraq, consumers do not have access to banking services or credit history, both of which prevent them from obtaining credit cards.

Ali and Al-Dabbagh (2020) examined the utilization of credit cards in Iraq, and indicated that trust and technology-related infrastructure are significant challenges. What they found Iraqi interest in ecommerce is on the rise, yet Iraqis tend to shun credit card use because of mistrust of fraud, lack of payment gateways and low acceptance rate among local stores.

Tan et al. (2018) explore the historical influence of credit cards on the digital payments ecosystem. They report how credit and debit cards have acted as a key model for e-commerce transactions with security and consumer protection built in, in the form of fraud protection and chargeback. They further observe that credit cards

continue to dominate in the majority of western countries, although alternative payment solutions are gaining ground. But they find that younger people are more likely to prefer mobile wallets to physical cards, as they are more convenient and function as part of their integrated smartphone world.

Zhao et al. (2019) concern the adoption of mobile payment in China, with a special focus on the role of Alipay and WeChat Pay in the digital economy of China. Their research shows that at present more than 80% of online purchases are paid with mobile payment applications, turning the country into almost a cashless society. This rapid takeup is ascribed to state backing, to consumers' readiness to take up digital solutions, and to the payment systems being channelled through social media networks. The authors argue that China's mobile payment triumphs offers an example for other developing countries who want their financial system to be leapfroggers.

Li & Liu (2021) also discuss the role of mobile wallets in cross-border e-commerce by contrasting the usage of the technology in several economies such as China, the US, and Europe. They note that while mobile wallets have demonstrated quick adoption in Asia, uptake has been less rapid in the West due to the stickiness of credit cards. Their research indicates that regulation and the public's trust also influence the speed of replacing traditional types of payment with digital. They also note that security fears are still an impediment to widespread use in some places.

Jack and Suri (2016) examine how mobile money services affect the use of financial transactions in developing nations. Their research on M-Pesa in Kenya demonstrates how mobile money has given millions of unbanked people a place in the digital economy. They claim that mobile payment technologies can address inequality gaps in places where established banking systems have yet to emerge. Their findings suggest that a model like theirs could be used in other developing countries, including Iraq, to promote e-commerce.

Gomber et al.,(2017) who provide a broader economic vision by detailing that digital payment innovations are fueling the digital transformation of the financial services industry. They emphasize the commingling of retail banking and e-commerce, with new revenue opportunities arising from digital payments and customer expectations. Their findings highlight that in the e-commerce market, easy, frictionless payment experiences such as one-click buying are a game-changer for keeping customers.

Al-Tameemi and Al-Dabbagh (2021) provide a detailed view of electronic finance situation in Iraq by putting its digital financial market under the magnifying glass, by mainly using the evidence of transferring the cash-based market into electronic payment systems. They note that the advance has taken place against a backdrop of proliferation in smartphone use and growing attention from the Iraqi authorities and private banks to updating banking architecture. They argue, Validity somehow the intrinsic elements such as, the trust level on the digital system, low bank penetration, lack of infrastructure, still exist; however, there is a growing demand among the youth to the mobile based financial products.

Khafagi and Abbas (2010) examine the main obstacles to implementing EC in Iraq, and highlight the security of payment systems as a main focus. They remark that the theft of credit-card information will be prevented by combining encryption methods with electronic signatures. They stress that the successful digital transformation is much more than just new technologies: It constitutes a revolutionary change of management logic and the design of the company. Institutions must shift from the traditional model to one that nurtures information networks and e-commerce infrastructure. This involves reimagining internal work flows, embracing new human resources policies, and moving to digital-based systems. Furthermore, companies need to adopt new marketing methodologies that are specific to the online setting.

Hussein et al. (2020) consider consumer readiness and trust in Iraqi digital financial systems, arguing that Iraqi preference for cash and cyber-security apprehension are obstacles to the take up of credit cards and online payment gateways. But they caution that the public, enlightenment and increasingly financial savvy thanks to a spread of consumer finance guides, has already started to change habits in urban areas - especially Baghdad and Erbil. Their results indicate that despite the nascence of digital payments, customer habits are gradually mirroring global patterns.

Jasim, Hameed 2022 J: The Role of Commercial Banks in Encouraging Digital Payment. According to their research, the majority of conventional banks in Iraq have been late in embracing innovation and technology migration. But a handful of newer banks and fintech start-ups are starting to challenge them with offerings such as contactless debit cards, mobile transfers and online account management. According to the researchers, competition between traditional banking institutions and fintech challengers is forcing the sector to modernize, but the sector still need to make major investment in consumer reach as well as digital literacy.

As reported by the Central Bank of Iraq (2022), some important initiatives to enhance the digital payments system are already in place. Among these are licensing of local e-wallet providers, such as zain cash, Asia hawala, and fast pay, partnering with global card schemes including Visa and Mastercard and the creation of the National Switch system for inter-bank connectivity. "Reforms such as these in pay structures form part of a wider strategy on financial inclusion and reducing the cash operated in the government system and are backed by a sound reasoning.

UNDP (2023) maps the digital strategy of Iraq and the importance of fintech innovation and public-private partnership to promote our very important public digital payment system. Such partnerships between international payment companies and Iraqi financial institutions are helping to create a more secure and inclusive environment, particularly for the most marginalized.”³⁴ 10.UNDP. For example, introduction of biometric verification and mobile wallet solutions tailored to domestic market have proven positive adoption rates.

Salah and Abdulrazzaq’s (2021) research investigates the contribution of electronic payments in the formation of Iraq’s online market. They claim that without the growth of strong and easy payment mechanisms, they would be unable to expand their e-commerce businesses. Their findings offer insights into how digital wallets need to be linked to e-commerce platforms in order to simplify transactions and effectively establish trust among consumers. They also suggest the introduction of regulations to safeguard users and foster innovation in the nascent Iraqi fintech companies.

Nisar and Prabhakar (2016) investigate credit card consumer attitudes in Iraq and identify at the same time that although the number of cards is increasing in that country, the use of credit cards in online purchases is low. The research shows that many consumers in developing countries continue to use credit and debit cards predominantly for ATM withdrawals, rather than e-commerce. This is due to inferior POS capabilities, lack of merchant acceptance, and the worry of unauthorized payments. Al-Janabi suggests financial literacy campaigns and more effective use of secure card processing systems to increase more desperate people's trust for card use.

The global evolution of digital payments in e-commerce reflects a steady shift from traditional cash and card methods to more advanced, secure, and convenient digital platforms. Early systems like telegraph-based transfers and credit cards laid the foundation for today's seamless online transactions. Over time, technologies such as

mobile wallets, peer-to-peer apps, and cryptocurrencies have redefined consumer behavior and expectations. Scholars like Laudon and Traver (2021) emphasize that mobile payment solutions are the fastest-growing segment worldwide, especially in response to the COVID-19 pandemic. In countries like China, apps such as Alipay and WeChat Pay have almost entirely replaced cash, thanks to user trust and integration with daily services.

However, digital payment adoption varies significantly by region. While developed countries enjoy high levels of digital payment infrastructure, developing economies face hurdles like low banking penetration, weak regulation, and cultural resistance. In particular, Iraq has an antiquated cash-based system, though that is also changing thanks to government-backed programmes along with private sector fintech moves. Al-Tameemi and Al-Dabbagh (2021) and Central Bank of Iraq (2022) note advances in adoption of mobile payments, the issuance of credit cards, and cooperation with international networks such as Visa and Mastercard. While infrastructure and trust-related challenges persist, Iraq has a lot of room for digital commerce growth. As online commerce continues to grow worldwide, secure, universal and locally attuned payment systems will be central to helping countries like Iraq fully participate in the digital economy.

3.2.THE ROLE OF SOCIAL COMMERCE IN MODERN E-COMMERCE GROWTH

Social commerce has become a disruptive force in the context of e-commerce at large - redefining of how people interact with products, brands and one another, online. According to Liang and Turban (2011), social commerce is a form of e-commerce that pre-dominantly includes customer-2-customer, business-2-customer and business-2-business exchanges. Unlike the old guard of e-commerce models which rely heavily on standalone websites and digital marketplaces, social commerce leverages user-generated content, peer recommendations, and social engagement to warm up the potential sales cycle. Social media tools incorporated into the online shopping process, have facilitated businesses in connecting with customers on a more personal level in order to build trust, create relationships, and increase sales

Turban et al. (2015) explain that social commerce (SC) emerged from the intersection of several disciplines, including marketing, social media, and technology. The development of Web 2.0 technologies played a crucial role in enabling Social

Commerce through the use of social platforms, blogs, and wikis. These tools facilitated online collaboration among employees, partners, and customers, especially in the context of globalized business. The rise of mobile computing and smartphones further accelerated the adoption of SC, enabling location-based services and virtual communities. Communication and collaboration theories also underpin the foundation of social commerce. SC emphasizes a marketing-driven approach, evolving from traditional Internet marketing techniques that were initially one-way in nature. Social media transformed this monologue into a dialogue, allowing for two-way communication between brands and consumers. As a result, many marketing strategies were reshaped or entirely redefined to fit the social commerce model. The authors also note a distinction between the original concept of "social marketing," which focused on social causes, and today's use of the term to describe social media marketing. Ultimately, social commerce was made possible by the combined evolution of marketing, technology, consumer behavior, and digital management practices.

Laudon and Traver (2021–2022) explain how social, mobile, and local marketing have revolutionized online marketing since 2007, replacing passive strategies like display ads with more interactive approaches. Prior to the rise of smartphones and social networks, online marketing focused on metrics such as impressions and visitor count, similar to traditional TV advertising. The emergence of platforms like Facebook and the iPhone marked a shift from passive "eyeball" marketing to dynamic customer "conversations" and engagement. Today, successful brands engage in real-time dialogue with customers, listening and participating in discussions across various digital spaces. Today, social marketing has to be about empathy, interaction and participation not only shouting or out flashing your ads. Businesses can no longer dictate all of the brand message; now consumer sentiment and social networks have a primary impact on purchasing decisions. In the end, social marketing emerged as a compelling, tech-driven mode for companies to communicate, connect, and scale with their audiences.

The impact of social commerce on users behaviour has been a subject of a number of studies. According to Hajli (2014), the effects of trust on users attitude is more profound in social commerce platforms. With features such as user reviews and comments, ratings and social recommendations, users feel safer to buy from a community-based environment. As consumers rely more on socially-ingrained views than ads, these peer effects often pack a greater punch than other marketing tactics. In

addition, social commerce and other platforms often use algorithms to customise users' experiences by displaying products or services aligned with previous online behaviour and personal interest, enhancing the opportunity to convert.

According to Kaplan and Haenlein (2010), social commerce has transferred the power from businesses to consumers. On channels such as Instagram, Facebook, TikTok and Pinterest, people are not simply passive recipients of marketing messages, but are active not only in the authorship of brands but in proliferating them. Influencers and such, largely contribute to the advertising done by customer reviews and opinions, by shaping the perception of the consumers and promoting items. The emergence of influencer marketing shows how ordinary people, using social media, can attract large followings and use that clout to sell products, often more efficiently than celebrities do. The brands that work with influencers can find a way to leverage exposure and have a more authentic appeal—especially with millennials and below.

In addition to the financial analysis by Wang and Zhang, Zhou et al. (2013) investigated the impact of CGC on users purchase in social commerce. Their research suggests that user-generated content, like product reviews, unboxing videos and social media shoutouts, has more influence over consumer purchasing decisions than advertising. Zhou et al. stipulate that "the credibility of peer comments can affect consumer trust, and in turn have obvious affect on purchase decision", which contradicts those the findings Haji (2015) and Wang and Zhang (2020). This research also brings into focus on what level the consumer generated content can be a form of instant market feedback through which a firm could become alert and timely response to the shift of consumers' preferences and cerebral emanations.

The financial returns of social commerce are more than just a marketing strategy or a mechanism to attract new customers. Wang & Zhang (2020), also adds that SC platforms also have a kind of inventory management system and may also being helpful in market research, as it allows the market feedback to be faster than traditional ones e.g. comments, likes, reviews. This is where business are able to fine-tune inventory levels, calibrate demand forecasts, and spot new consumer trends in a more calibrated fashion — again, reducing operational wastage and a potential financial exposure to excessive overstock. When these operational gains

Alex Macura (2022) examines the rapid growth of live video shopping and its impact on the e-commerce industry. The article highlights how this trend began in China, where livestream shopping has become a multi-billion-dollar market. Macura

explains that major Western platforms like Instagram, Facebook, TikTok, and Walmart are now adopting similar live shopping features. He argues that live video shopping offers a personalized, interactive experience by allowing customers to view products in real time, ask questions, and make instant purchases. The research concludes that this approach increases customer engagement, builds trust, and improves conversion rates. Macura recommends that businesses start integrating live shopping by targeting specific audiences, collaborating with influencers, and keeping live events simple and consistent. He emphasizes that early adopters of this strategy will gain long-term competitive advantages in the evolving digital retail market.

According to L. Yltävä (2025), livestreaming commerce, known as live commerce, is rapidly growing worldwide, with U.S. sales reaching an estimated \$50 billion in 2023. While American consumers attend fewer live shopping events than those in China, Latin America, and Europe, their spending per user remains high, comparable to Latin America and exceeding Europe. The research highlights China as the global leader in both participation and spending in live commerce. Yltävä's study identifies the main drivers behind this trend as exclusive discounts, product inspiration, and entertainment value, especially for younger consumers. Gen Z shoppers, in particular, are drawn to the interactive, real-time, and personalized nature of livestream shopping. Despite regional differences in frequency and engagement, forecasts predict U.S. livestream e-commerce sales will grow by 36% by 2026, representing over 5% of the country's total e-commerce market. The research concludes that live commerce is becoming a key part of the digital shopping experience, blending entertainment with retail opportunities.

Economic research, such as Wang and Zhang, (2020), has analyzed the economic impact of social commerce on e-retailers. Their studies show that companies that incorporate social commerce into their plans tend to have better customer retention and lower customer acquisition costs. These results are mainly thanks to the viral quality of social content, and the ability of users to disseminate product info among their network. Moreover, SMEs can greatly capitalize on the use of social commerce by being able to gain more exposure without having these companies investing large amount of money simply advertising like the older methods.

In addition to lowering acquisition costs, Wang and Zhang (2020) found that firms involved in social commerce generally have higher levels of customer retention. The social commerce platform's interactive and community-centric characteristics lead

to sustained engagement and users revisit the platform for shopping, discussion, rating and reviewing as well as liaison with others in the online community. As a consequence of this kind of interaction, consumers tend to form stronger emotional ties to brands, thus enhancing customer lifetime value (CLV). Businesses that engaged in social commerce experienced CLV growth rates up to 25% higher than those that used a more traditional e-commerce platform, the report found. This was largely due to increased rate of repeat business and better brand loyalty.

Social commerce is taking the world by storm, but there's much more in Iraq to social commerce than you may think. Iraq's participation in e-commerce, especially social commerce, has been fascinating and challenging at the same time." It has been driven by shifts in consumer behavior, the proliferation of social media platforms and infrastructure bottlenecks. Even in impoverished and conflict-ravaged regions, the global spread of internet access and the increasing ubiquity of smartphones over the past decade have facilitated fragmented bursts of digital retail activities. Daraz) In Iraq, it has been more of informal and semi-formal business models rather than network effects ecosystems that we've seen from the likes of West, East Asia for example Facebook Marketplace, TikTok Shops or WeChat Mini Programs.

Iraq's e-commerce sector has sizeable room for growth and económico de crecimiento y modernización) (2025) is underdeveloped despite the eagerness v.s. the average ticket) (2019) of the consumers to experience a new way of purchasing. The report mentions weak digital infrastructure, a lack of access to secure electronic payment systems, and ineffective delivery and logistics networks as among significant challenges impeding progress. In 2023, the market was estimated to value at about \$528 million, and is expected to reach \$655 million by 2025, boasting user penetration of over 60%. Particularly, nearly 80% of e-commerce operation in Iraq is informal or semi-formal social commerce that has been carried out over the mobile messaging apps and the social networks apps, but not the dedicated e-commerce websites or platforms. The authors contend that a critical component in unlocking Iraq's digital economy is the establishment of an enabling regulatory environment that meets international standards, especially in the areas of cybersecurity, consumer protection and payment authentication systems. They also highlight the need for affordable internet, government bodies working together to help consumers have better access to platform providers and nation-wide campaigns for improving consumer trust and demand in online services. The report concludes that if provided with the right mix of

government policy and private investment, e-commerce in Iraq could move from a fragmented environment to a significant enabler of inclusive and sustainable economic development (Bayān Center 2025).

Al-Dabbagh (2020) opines that formal e-commerce platforms have been few and some e-commerce websites lack secured payment platforms in Iraqi digital economy. Into this void, social commerce has organically stepped in to meet an essential need, offering Iraqis, even outside the country's major cities of Baghdad, Erbil and Basra, a way to carry out digital transactions. Iraq's trust-based society and social-media-based local community economy has proven successful for informal businesses trading through personal and business pages, showing off products and conducting customer service through direct messaging. This model overcomes numerous obstacles for its structural constraints, such as rudimentary logistics and penetration of banking, as the system enables payment by COD(Cash-On-Delivery).

Cases for Iraq as per Statista (2023), the demography of Iraq is ripe for the boom of social commerce. The population of Iraq is young, over 60% are aged under 25 years, and this demographic has proved to be very responsive to international digital trends. Young Iraqis, invested in a media scene devoid of commercial bias or state control, have embraced social media as not just consumers, but as micro-entrepreneurs. From home, they peddle goods like fashion items, cosmetics and accessories, local crafts and whatnot through visually engaging posts and influencer partnerships on platforms like Instagram, TikTok and Facebook, which have been harnessed by a generation for whom digital work is par for the course. The developments reflect similar global trends as noted by Hajli (2014) in relation to user-generated content, trust and peer recommendations for purchase in social commerce environments

Nevertheless, the constraints and structural obstacles that still affect the potential of social commerce need to be considered to understand its contribution in the overall e-commerce growth in Iraq. Logistics is my one of my biggest hurdles. Iraq, and with a lot of parts of it being in a state of disarray, nice places like Erbil locking down and building infrastructure, it's a mess, a place where supply chain fuckery, traffic jams and a non-existent postal service would play havoc with nationwide distribution networks. This cumbersome logistical process is costing sellers--especially smaller vendors who rely on brandless third-party courier services that have a limited reputation and reach--an arm-and-a-leg while stretching delivery timelines. The absence of central warehousing and the existence of a fragmented

distribution system represents a major challenge to scaling social commerce (Al-Ani and Al-Tamimi 2022).

In sum, the contribution of social commerce to the contemporary expansion of e-commerce epitomizes the change in global consumer-focused digital marketplace, where consumer trust, engagement, and interaction drive purchase behavior (Hajli, 2014; Kaplan and Haenlein, 2010). Integration of social media tools and E-commerce has revolutionized marketing from the traditional one-way communication to an interactive conversation between firms and customers in order to form long-term relationships between the two (Turban et al., 2015; Laudon & Traver, 2021–2022). Empirical evidence suggests that factors such as user-generated content, influencer recommendations, and live video shopping can have a substantial impact on both the level of consumer trust and on conversion rates (Zhou et al., 2013; Macura, 2022; Yltävä, 2025). The fast penetration of smart handsets within Iraq, together with its younger demographic, has led to a flourishing (albeit informal) social commerce ecosystem transcending many traditional infrastructural impediments (Al-Dabbagh 2020; Statista 2023). Yet logistics, payment systems and regulatory obstacles still remain as obstacles in expanding or formalizing this industry (Bayān Center 2025; Al-Ani and Al-Tamimi 2022). However, there is evidence to indicate that social commerce can provide a practical example for economic development in countries such as Iraq if certain policies and demand-side initiatives to be encouraged, including investment in digital network capacity and public awareness for end consumers (Bayān Center 2025). According to world trends, early involvement in interactive, trust-based commerce can become an advantage in competition with Iraqi companies nationally and internationally (Wang and Zhang 2020). Finally, social commerce is not only a novelty in marketing but a revolution that might redefine the future of Iraq's digital economy in the next decade (Hajli 2014; Kaplan and Haenlein 2010).

3.3. IRAQ'S DIGITAL LANDSCAPE AND E-COMMERCE POTENTIAL

Over the past decade, Iraq's digital world has been changing steadily, and the change has multiplied in importance – evolving from an analog society to one influenced by internet technology and mobile penetration, as well as a growing digital economy. Development in Iraq Despite obstacles such as infrastructure, security, governance, and digital literacy, e-commerce in Iraq has promising levels of digital development. That foundation is provided by the rise of smartphones, increasing use

of social media, and an expanding youth population who are clamoring for change in a country such as Iraq once its e-commerce essence takes root. The Internet World Stats (2023) estimated that roughly 75% of the population had internet as of 2023 – compared to less than 30% one decade ago, pointing to a swift, fast-paced digital transformation in the country.

The digitization of Iraq is firmly embedded in a history that is interwoven with war, sanctions and reconstruction. Iraq's telecommunications infrastructure was state run and poorly developed and served, and for most people beyond reach before 2003. After the fall of the previous government, it saw the introduction of private telecom companies and ICT was step by step liberalized. The opening of GSM mobile networks with Etisalat and AsiaCell in the mid-2000s is often cited by sources in Iraq (Al-Khalidi 2022:37) as the first significant development in digital communication for Iraqi citizens. This was sped up by the influx of a previously dispersed Iraqi diaspora which in significant numbers brought foreign tech and digital service knowhow and investment. But the transition has been uneven, with large cities such as Baghdad and the northern city of Erbil witnessing advances in digitization not shared by rural areas.

Current status of E-commerce and Digital Marketing in Iraq Ali Kamel Baaiwi, Hassan Abdullah Ahmed, Zahraa Saad Abdulaali and Heider Nima Bekheet (2024) Iraq -with its emerging potential and the impediments- is the focus of the above article and May expose readers to the other side of walmart's digital selection (Taste of Home Team) (2027) Increased Convergence among e-commerce and social media may be something of interest and require further research in future Abed Alkadhim Aziz and Shurouq Sabri Muhammad (2020) aka "the teamplayers nã" That this item Sexy Kavorka Dude (2020) associates with vinegar and baking soda. The authors, however, point out that an increase in the spread of the Internet and more smartphones in hand are creating room for the growth of e-commerce, although there is a public perception gap regarding access to e-commerce opportunities, limited technology infrastructure, and a pivot of clear legal and regulatory frameworks. These structural and sociocultural challenges prevent the Iraqi business sector from leveraging the power of online retailing. The study emphasizes that the government and private sector must act in unison to address these limitations through awareness drives, infrastructure upgrades, and strong legal and policy instruments. They also call for promoting innovation and entrepreneurship to develop a strong and competitive e-commerce industry. By adopting these changes, Iraq has the potential to realize substantial

expansion of its digital economy and be more competitive and engaged in the burgeoning digital economy.

The heart of this revolution is represented by the mobile phone industry with massive investments and innovations. In recent years Zain Iraq, Asiacell, and Korek Telecom have been instrumental in rolling out 4G LTE in the main cities, and in offering the bandwidth that e-commerce platforms need to function smoothly. This surge in mobile data subscriptions has given rise to a new generation of digital consumers who are more than ever before predisposed to browsing, socializing and shopping online. As Al-Khalidi (2022:38) points out, Iraq's mobile-first internet culture is shaping its e-commerce trajectory, with 90% of users accessing the internet via smartphones. This shift not only democratizes access to digital services but also compels e-commerce developers to prioritize mobile optimization.

The March 2025 report by the Al-Bayan Center, titled "E-commerce Platforms, E-stores and the Iraqi Economy: Between Reality and Potential," explores the current state and future potential of Iraq's e-commerce sector. It highlights a significant rise in digital commerce activity due to increasing internet and smartphone access, along with changing consumer behavior. The e-commerce market in Iraq was valued at around US \$528.4 million in 2023 and is projected to grow to approximately US \$654.6 million by 2025, with an average user penetration rate of 61.7%. Social commerce—particularly food delivery and sales through platforms like Facebook and Instagram—constitutes about 80% of online activity, reflecting a consumer preference for informal and accessible channels. However, the sector still faces major challenges, including weak trust in electronic payments, poor internet infrastructure (Iraq ranks 179th globally for speed and cost), underdeveloped logistics, and outdated or incomplete legal frameworks. Although Iraq adopted e-commerce legislation as early as 2012 through Law 78 on electronic transactions and signatures, it lacks comprehensive regulations for consumer protection, cross-border trade, and data security. The report recommends drawing on successful regional models such as the UAE and Qatar, improving digital laws, increasing awareness, investing in infrastructure, and supporting digital entrepreneurship to fully unlock e-commerce's economic potential in Iraq.

Yet, Iraqi e-commerce has not reached international or regional norms of growth, mainly because of structural obstacles. Lack of internet payment services, mistrust in doing business online, poor postal and logistical infrastructure, and fragile

laws have combined to stall the online market in Iraq. The lack of single legislative framework for e-commerce is one of the most significant obstacles for local and foreign investors (Ahmed and Al-Bayat 2021). E-commerce firms in India operate in grey areas where they neither have data privacy, consumer rights nor dispute resolution protections. This lack of legal certainty affects not only consumer confidence but also innovation in the digital retail market.

Despite these difficulties, a few Iraqi e-commerce companies have cropped up in recent years, a sign of the persistence of entrepreneurs and the growing demand for their products. Urban consumers already know sites such as Miswag, Shopini, Electro Mall and Orisdi selling anything from clothes and electronics to home products. By using social media marketing, primarily on Facebook and Instagram, these platforms circumvent traditional digital marketing dis-intermediation by reaching out directly to customers. Over 60% of Iraqi consumers sampled in a survey conducted by Al-Zubaidi (2023) reported having made at least one online purchase in the past 12 months, with 42% implying convenience and home delivery was the most influential aspect. The pattern indicates the beginning of a broader based consumer culture, which is a huge shift in culture and consumption.

Social commerce commerce that can occur thanks to social media platforms is a big deal in Iraq. Hassan and Younis (2022) point to the fact that channels such as Facebook Marketplace, Instagram Shops, and TikTok live are becoming critical sources for small businesses and lone entrepreneurs who may not have the financial resources to build official e-commerce platforms. While this is hardly unique to Iraq, social commerce is also adopted out of necessity, where digital infrastructure and access to financial services are still in low supply. It also fosters trust, since buyers and sellers often communicate directly via messaging apps such as Facebook Messenger or WhatsApp. In this space, the element of human—response, recognition and trust—trumps even the most utilitarian of bots.

One of the best examples of Iraq's e-commerce potential is the tale of Miswag, an online marketplace co-founded in 2016 as one of the country's first such large-scale businesses. Miswag operates with a wide array of products, such as electronic appliances, home decor and fashion, and focuses on trust between the seller and buyers offering delivery guidance and customer service transparency. As per Al-Zubaidi (2023), Miswag has observed growth in excess of 50% annually between 2019 and 2022, with approximately 150,000 active customers. The cash on delivery and partial

online payment capabilities that Miswag has made available above also illustrates the hybrid model that's needed in the Iraqi market. And the platform's reliance on social media influencers to push product has served to destigmatize online shopping with younger consumers.

Another noteworthy example is Shopini, Talabt, Lezoo, which began as a mobile app for groceries and daily essentials. Shopini's emphasis on rapid delivery to large urban centers as well as relationships with local vendors has made it a popular choice for busy professionals and families. Its growth during the pandemic period was remarkable, with user retention rates above 70%, according to internal reports cited by Hassan and Younis (2022). Shopini has also been an early adopter of mobile wallet payments, collaborating with fintech startups to pilot cashless transactions. These pilot projects have demonstrated a gradual increase in consumer comfort with digital payments, particularly among urban youth.

Iraq's e-commerce growth is still severely hampered by digital payments. Although cash-on-delivery (COD) is still the most popular payment method, there are a number of financial and logistical issues with it, especially when it comes to return rates and delivery effectiveness. Nonetheless, there have been some significant advancements in the field of digital payments. The "Tamkeen" initiative, which was introduced in 2020 and aims to integrate more residents into the official banking system, is one of the financial inclusion programs that the Central Bank of Iraq has started with the goal of increasing the usage of electronic payments. there are also several new digital payment methods such as (fastpay in Erbil and Asia hawala in Sulaymaniyah). Just 23% of Iraqi people had access to a bank account, according to World Bank research from 2023, underscoring the magnitude of the problem. However, by providing digital remittance services and mobile wallets, fintech companies like AsiaPay, NassWallet, and ZainCash have started to close this gap and gradually accustom customers to non-cash transactions.

Iraq's population advantage is another important component of its e-commerce potential. According to UNDP (2022), more over 60% of Iraq's population is under 25, making it one of the world's youngest countries. This generation is more prone to adopt non-traditional forms of trade, is more tech-savvy, and is more receptive to digital experimentation. Youth-driven innovation centers such as The Station in Baghdad and Re: Coded in Erbil are aiming to cultivate a new crop of entrepreneurs and software developers, arming them with the skills needed to engage in a digital economy. These

hubs have been crucial in supporting tech startups in e-commerce, logistics, and digital marketing—sectoral that are the foundation of a contemporary digital economy, claim Khalaf and Salman (2021).

Regional comparisons underscore both the challenges and opportunities for Iraq. Gulf Cooperation Council (GCC) countries such as the United Arab Emirates, Saudi Arabia, and Qatar have developed advanced e-commerce ecosystems, supported by robust digital payment systems, world-class logistics, and high consumer trust in online platforms (World Bank 2023). By contrast, Iraq's e-commerce penetration remains in its early stages, hindered by limited payment options and infrastructural gaps. However, Iraq's youthful population and growing internet penetration suggest that, with targeted reforms, the country could narrow this gap significantly within the next decade. As Ahmed and Al-Bayati (2021) note, Iraq's digital consumer market is still considered a "greenfield opportunity" by many regional investors due to its untapped nature and lack of dominant e-commerce monopolies.

Another significant obstacle to expanding e-commerce in Iraq is the infrastructure for logistics and delivery. The high expense of last-mile delivery, inadequate road networks, and the lack of a national addressing system continue to be major operational obstacles. The majority of e-commerce businesses are compelled to use private courier services, which frequently experience delays, particularly in isolated or dangerous locations. But creative answers have begun to surface. For example, to get around logistical and geographic constraints, businesses like IQ Express and Rapids have implemented crowdsourced courier networks and GPS-based delivery systems. According to Mahmoud (2023), these logistics systems will be crucial in opening up Iraq's digital economy if they can be scaled successfully.

In terms of governmental support, there is growing recognition of the importance of digital transformation as a pillar of national economic development. The Iraqi government has included digital economy goals in its Vision 2030 strategy, although concrete implementation remains inconsistent. In collaboration with international organizations such as the UNDP and World Bank, several pilot projects aimed at digitizing public services and expanding ICT infrastructure have been launched. Yet, as Al-Saadi (2022) notes, these projects often lack continuity and are vulnerable to changes in political leadership, underscoring the need for institutional stability and long-term digital policymaking.

Education and digital literacy are also essential components of Iraq's e-commerce potential. While urban youth are increasingly proficient with digital tools, there remains a digital divide between urban and rural areas, as well as between men and women. According to a survey conducted by UNESCO (2023), digital literacy rates in urban centers like Baghdad and Erbil exceeded 70%, while rural areas lagged at around 35%. Addressing this gap is critical, not only for inclusive digital development but also for ensuring that the benefits of e-commerce are equitably distributed.

In summary, Iraq's e-commerce sector is at a pivotal juncture, balancing between significant growth potential and persistent structural challenges (Ahmed and Al-Bayati 2021:53; Al-Khalidi 2022:38). Rapid internet penetration, a predominantly youthful population, and expanding mobile connectivity provide a strong foundation for digital commerce (Internet World Stats 2023; UNDP 2022). The rise of platforms such as Miswag, Shopini, and Lezoo illustrates the capacity of Iraqi entrepreneurs to adapt global models to local realities, leveraging social media marketing, hybrid payment methods, and innovative logistics solutions to overcome infrastructure gaps (Hassan and Younis, 2022; Al-Zubaidi 2023). However, persistent limitations in payment systems, logistics networks, legal frameworks, and digital literacy continue to hinder sectoral maturity (Mahmoud, 2023; World Bank 2023). Comparative experiences from GCC countries demonstrate that with targeted reforms—particularly in regulation, digital infrastructure, and consumer trust-building—Iraq could accelerate its integration into regional and global e-commerce ecosystems (Bayān Center 2025; Khalaf and Salman, 2021). Government-led initiatives, supported by private sector investment and international partnerships, will be critical to translating Vision 2030 ambitions into tangible outcomes (Al-Saadi 2022; UNESCO2023). If these strategic interventions are implemented, Iraq has the opportunity to transform its digital economy from an emerging sector into a central pillar of national development over the coming decade (Ahmed and Al-Bayati 2021; UNDP 2022).

CHAPTER IV

METHODOLOGY, RESULTS AND DISCUSSIONS

4.1. METHODOLOGY

4.1.1. Research Design

This study adopted a cross-sectional, descriptive–analytical survey design to examine how electronic trade (e-commerce) is used and perceived in Iraq, and to identify key drivers and obstacles that shape consumer and business behavior. A survey was chosen because it allows efficient collection of standardized data on demographics, online shopping frequency, platform and payment preferences, perceived barriers, and views on the future of e-commerce in Iraq. The instrument was self-administered and designed to be concise, clear, and accessible to adult participants.

4.1.2. Survey as the Primary Data Collection Tool

A structured questionnaire served as the sole primary data collection tool. It captured: (i) demographic characteristics (age, gender, education, employment status, and monthly income), (ii) e-commerce usage patterns (shopping frequency, product categories, platforms, and payment methods), (iii) decision drivers (e.g., price/discounts, convenience, product variety, trust, delivery speed), (iv) barriers to adoption (e.g., trust, product quality, delivery cost/time, digital payments), (v) assessments of the sector’s prospects and the role of government investment, and (vi) optional open-ended comments and suggestions. The questionnaire explicitly kept personal identifiers to a minimum; the name field was optional, supporting anonymity.

4.1.3. Survey Design and Questionnaire Development

The questionnaire comprised five sections aligned with the study objectives:

Section 1: Demographics (age, gender, education, employment, income; plus, familiarity with e-commerce).

Section 2: E-commerce usage (shopping frequency; product categories such as electronics, clothing/fashion, groceries, books/stationery, home appliances; platforms

including Amazon, Noon, Trendyol, local Iraqi sites like Miswag/OpenSooq, and social media; payment methods including COD, cards, mobile wallets like Zain Cash/Asia Hawala, and bank transfer).

Section 3: Challenges (trust, product quality, delivery costs and times, limited payment options) and prior negative experiences.

Section 4: Future of e-commerce in Iraq (expected growth, whether the government should invest more in digital infrastructure, and preferred improvements—logistics, secure payments, regulations, awareness).

Section 5: Open-ended questions inviting suggestions and additional comments.

Questions were mostly closed-ended with single or multiple selections; one policy/attitude item used a five-point agreement scale. Wording was reviewed for clarity and relevance in the Iraqi context.

4.1.4. Sampling Strategy and Target Population

The target population was adult residents of Iraq who were potential or actual users of digital trade. A non-probability, practical sampling approach was used to reach diverse participants across age, gender, education, employment sectors, and income brackets—categories reflected in the instrument's demographic frame.

After harmonizing the variable labels, the analytic sample size was $N = 88$ unique completed entries used for statistical analysis.

4.1.5. Data Collection Process

Participants completed the self-administered questionnaire and returned responses in structured spreadsheet format. The data files contained only the variables listed above and no mandatory personal identifiers (the name field was explicitly optional), minimizing privacy risks.

4.1.6. Data Analysis Techniques

Analyses were planned in two layers:

Descriptive statistics (frequencies, percentages) for all categorical variables: demographics; shopping frequency; product categories; platform preferences; payment methods; decision drivers; barriers; growth expectations; views on government investment; improvement priorities; and entrepreneurship interest. Multi-

response items (e.g., products, platforms, improvements) were decomposed into binary indicators to calculate per-option selection rates.

Inferential tests to probe associations central to the thesis aims, for example:

χ^2 tests of association between demographics (age group, gender, education, employment, income) and online shopping frequency; between platform/payment choices and prior issues experienced.

Binary logistic regression modeling for key adoption outcomes (e.g., being a monthly+ online shopper vs. less frequent; or familiar vs. not familiar with e-commerce) as a function of demographics, trust/delivery barriers, and payment/ platform usage.

Ordinal models / non-parametric tests (as appropriate) for the government-investment item and related attitudes measured on the agreement scale.

Open-ended responses (improvements and additional comments) were analyzed using a thematic content approach: initial open coding, clustering into themes (e.g., logistics, payments, regulation, awareness/education), and counting theme salience with illustrative quotes.

All analyses will be presented in Section 4.2 with tables/figures and concise interpretation aligned to your research questions.

4.1.7. Ethical Considerations

Participation was voluntary, with the option to withhold names to preserve anonymity. No sensitive personal data were collected beyond broad demographics necessary for analysis. Data were handled confidentially, stored in password-protected files, and reported only in aggregate form. The questionnaire content posed minimal risk, and participants could skip any item.

4.2.RESULTS AND FINDINGS

The analytic sample comprised N = 88 valid responses. For multi-select items (e.g., platforms, payments, product categories, decision factors, barriers), percentages refer to the share of respondents who selected each option at least once.

4.2.1. Consumer Preferences and Online Shopping Behavior in Iraq

4.2.1.1.Demographic Profile

The sample is 57.6% male and 42.4% female. Age is concentrated in young to mid-career brackets—18–24 (27.3%), 25–34 (25.0%), and 35–44 (22.7%)—with smaller representation among 45–54 (9.1%), 55+ (12.5%), and under 18 (3.4%).

Education levels are comparatively high: Bachelor's degree (40.9%), Diploma (23.9%), High school or below (18.2%), and Master's degree or higher (17.0%).

Employment is led by the private sector (42.0%), followed by students (19.3%), self-employed (17.0%), government employees (14.7%), and unemployed (6.8%). Income clusters in the middle bands—\$1,000–\$2,000 (32.2%) and \$500–\$1,000 (28.7%)—with 19.5% below \$500 and 19.5% above \$2,000. In short, ~61% of respondents fall in the \$500–\$2,000 range, implying moderate purchasing power and capacity for planned online purchases.

The combination of (i) a predominantly young, tertiary-educated profile and (ii) substantial private-sector/self-employment suggests a user base that is digitally connected and price-sensitive, with time constraints that make convenience and reliability decisive.

Table 1: Gender distribution of the study population

Gender	n	%
male	49	57.6
female	36	42.4

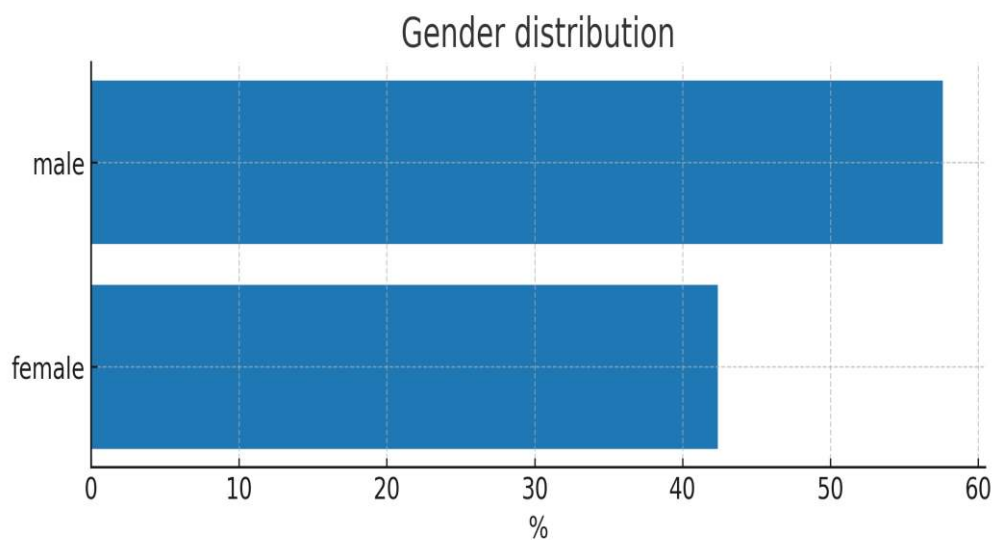
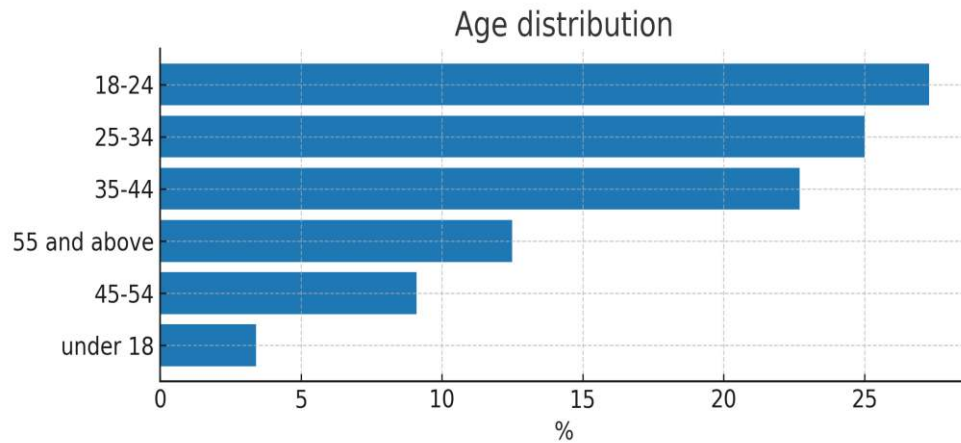


Figure 1: Gender distribution of the study population

Table 2: Age distribution of the study population

Category	n	%
18-24	24	27.3
25-34	22	25.0
35-44	20	22.7
55 and above	11	12.5
45-54	8	9.1
under 18	3	3.4

**Figure 2: Age distribution of the study population****Table 3: Education level of the study population**

Category	n	%
bachelor's degree	36	40.9
diploma	21	23.9
high school or below	16	18.2
master's degree or higher	15	17.0

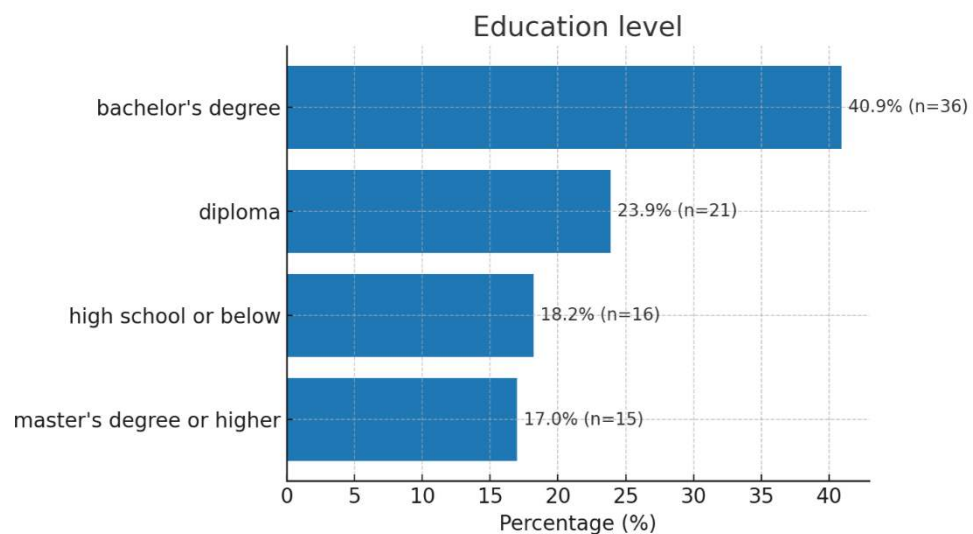
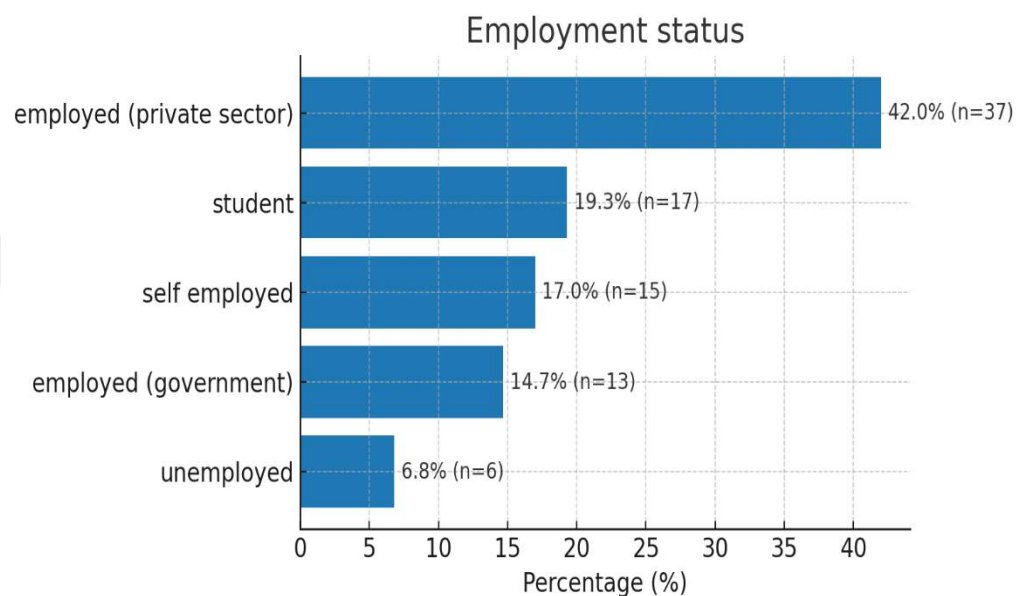
**Figure 3: Education level of the study population**

Table 4: Employment status of the study population

Category	n	%
employed (private sector)	37	42
student	17	19.3
self employed	15	17.0
employed (government)	13	14.7
unemployed	6	6.8

**Figure 4: Employment status****Table 5: Income level**

Category	n	%
\$1000- \$2000	28	32.2
\$500-\$1000	25	28.7
above \$2000	17	19.5
below \$500	17	19.5

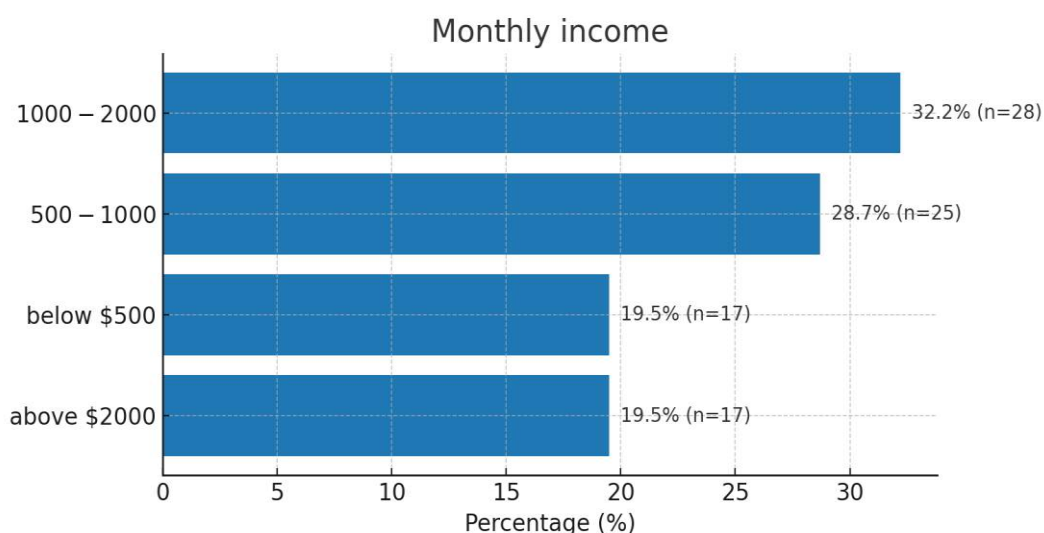


Figure 5: Monthly Income

4.2.1.2.Shopping Frequency

Online purchasing is present but not yet habitual. Frequencies were: Occasionally (every few months) 33.0%, Rarely (1–2/year) 30.7%, Frequently (monthly) 18.2%, Very frequently (weekly) 11.4%, and Never 6.8%. Thus:

- At least monthly: 29.6% (monthly + weekly)
- Occasional (every few months): 33.0%
- Seldom/never: 37.5% (rarely + never)

The center of gravity is quarterly rather than weekly purchasing, consistent with a market where discovery is easy but fulfilment assurance and post-purchase confidence still gate habitual use.

Table 6: Online shopping frequency among participants

Category	n	%
Occasionally (every few months)	29	33.0
Rarely (1–2/year)	27	30.7
Frequently (monthly)	16	18.2
Very frequently (weekly)	10	11.4
Never	6	6.8



Figure 6: Online shopping frequencies

4.2.1.3.Product Categories

Leading categories by share of respondents: Clothing & fashion (68.7%) and Electronics (48.2%), followed by Books & stationery (19.3%), Home appliances (18.1%), and Groceries (8.4%). The mix is discretionary-heavy, indicating that Iraqi consumers primarily exploit e-commerce where assortment, brand comparison, and price discovery create clear value. Everyday basket goods remain largely offline.

Table 7: Product categories purchased online

Category	Respondents	%
Clothing & fashion	57	68.7
Electronics	40	48.2
Books & stationery	16	19.3
Home appliances	15	18.1
Groceries	7	8.4
Other	4	4.8

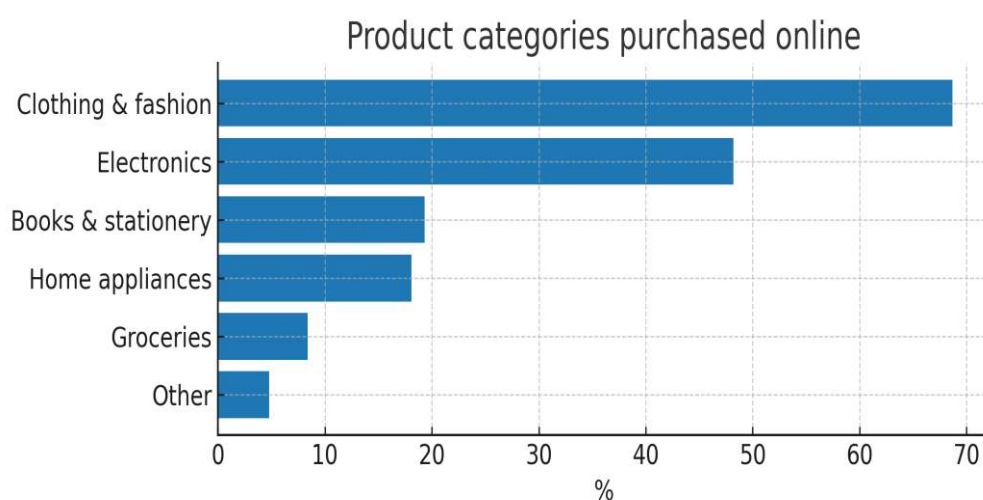


Figure 7: Product categories purchased online

4.2.1.4. Platforms Used

Discovery and transactions were concentrated on Social media (47.6%) and Trendyol (40.5%), with Amazon (25.0%) and local Iraqi sites (e.g., Miswag/OpenSooq) (23.8%) representing a secondary tier; Noon (4.8%) was infrequently chosen. The prominence of social platforms points to the importance of content-commerce (seller pages, live selling, story-based offers

Table 8: Preferred Shopping platforms

Category	Respondents	%
Social media	40	47.6
Trendyol	34	40.5
Amazon	21	25.0
Local Iraqi sites (Miswag/OpenSooq/etc.)	20	23.8
Noon	4	4.8

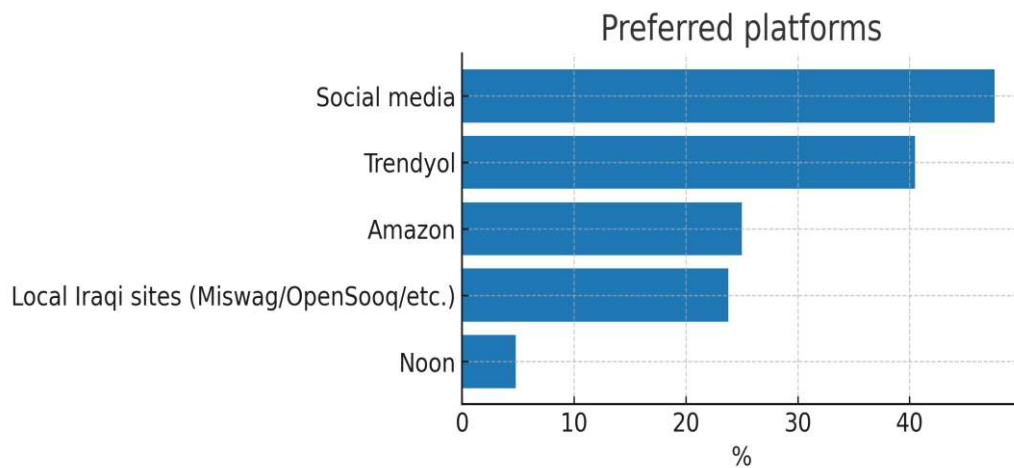


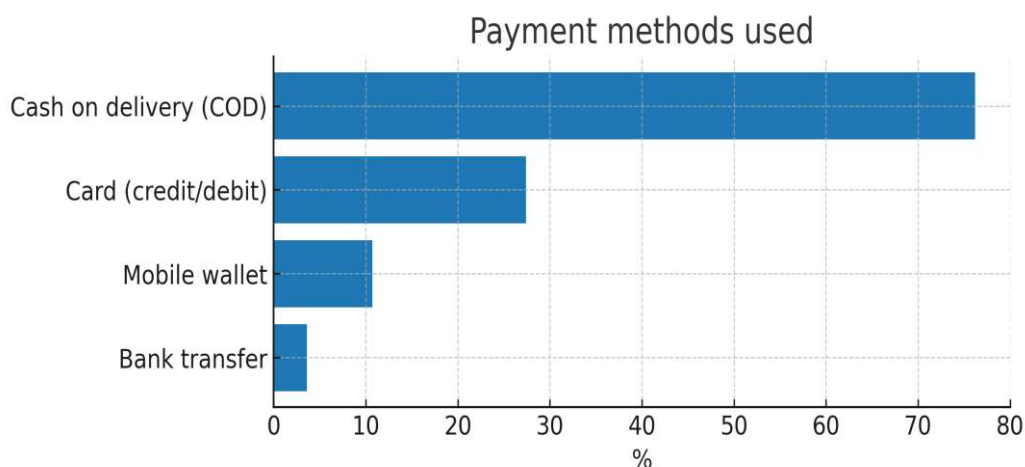
Figure 8: Preferred Shopping platforms

4.2.1.5. Payment Methods

Cash on delivery (COD) remains dominant (76.2%), while cards (27.4%), mobile wallets (10.7%), and bank transfers (3.6%) are present but secondary. The COD anchor is consistent with a “pay-on-inspection” model in which customers manage perceived risks around quality variance, delivery reliability, and refund friction by delaying payment until they see the item.

Table 9: Payment method used by participants

Category	Respondents	%
Cash on delivery (COD)	64	76.2
Card (credit/debit)	23	27.4
Mobile wallet	9	10.7
Bank transfer	3	3.6

**Figure 9: Payment method used by participants**

4.2.1.6. Decision Drivers

When asked what most influences decisions to buy online, respondents prioritized Price & discounts (62.7%), Product variety (37.3%), Trust in seller (20.5%), Convenience (16.9%), and Faster delivery (6.0%). The demand curve is value-led (total cost + variety) but heavily moderated by trust/assurance at the “last mile”.

Table 10: Payment method used by participants

Category	Respondents	%
Price & discounts	52	62.7
Product variety	31	37.3
Trust in seller	17	20.5
Convenience	14	16.9
Faster delivery	5	6.0

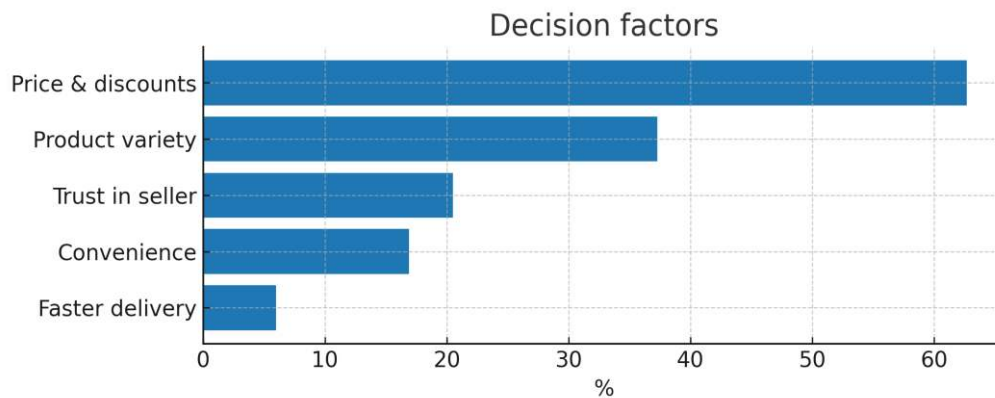


Figure 10: Decision factors

The behavioral picture is coherent: a young, educated population with middle-band incomes buys online for value and variety, often via social channels, and relies on COD because quality and fulfilment remain uncertain. Converting occasional buyers into monthly/weekly buyers requires assurance mechanisms rather than simply more assortment.

4.2.2. Challenges Faced by E-Commerce Businesses and Consumers

4.2.2.1. Barriers to Adoption

Four frictions dominate: Low product quality (39.3%), High delivery costs (29.8%), Long delivery times (25.0%), and Lack of trust in online sellers (20.2%). Limited digital payment options (3.6%) was less frequently selected as a *primary* barrier; however, the preference for COD indicates that confidence in digital payment security and refundability still shapes behavior even if “lack of options” is not the headline issue.

Table 11: Barrier to E-commerce adoption

Category	Respondents	%
Low quality of goods	33	39.3
High delivery costs	25	29.8
Long delivery times	21	25.0
Lack of trust in online sellers	17	20.2
Limited digital payment options	3	3.6

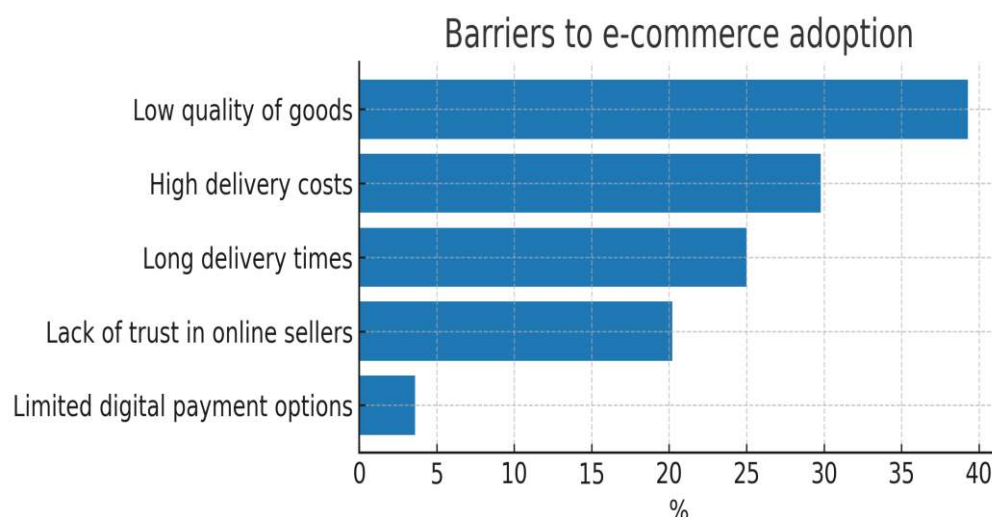


Figure 11: Barrier to E-commerce adoption

4.2.2.2. Adverse Experiences.

A sizable minority reported having faced an issue with an online purchase in Iraq (Yes 45.9%, No 54.1%). Qualitative comments (where provided) often referenced mismatched product quality, shipping delays, and difficulty obtaining refunds or responsive customer service.

These findings emphasize that assurance and fulfillment—not mere online availability—define user satisfaction. Addressing quality verification, reliable delivery windows, and straightforward redress is likely to produce larger gains than adding incremental assortment alone.

4.2.3. The Impact of Digital Payments and Logistics on E-Commerce Growth

4.2.3.1. Payments as Trust Infrastructure

With COD at 72.6%, digital rails—cards (27.4%) and mobile wallets (10.7%)—are present but not yet mainstream. The data are consistent with a “pay-on-receipt” trust model: consumers prefer to inspect the item and only then part with money. That preference is rational where quality variance and refund friction are salient risks.

4.2.3.2. Logistics as the binding constraint

Two of the three most cited barriers (high delivery costs and long delivery times) are logistics-related, and the single most desired improvement is faster delivery. This underscores logistics as a first-order growth constraint: quicker, more predictable,

and reasonably priced fulfillment can directly shift frequency from “rare/occasional” to “monthly/weekly.”

4.2.3.3.Exploratory Associations.

Illustrative chi-square tests (on grouped categories) did not reveal strong demographic segmentation in shopping frequency:

- Gender $\times$ shopping frequency: $\chi^2(4) = 4.77$, $p = 0.312$.
- Age $\times$ shopping frequency: $\chi^2(16) = 14.36$, $p = 0.572$.
- Dominant payment (COD/Card/Other) $\times$ having faced issues: $\chi^2(2) = 4.52$, $p = 0.104$ (directionally higher issue reports among card users, but not statistically significant at 5%).

These results suggest that systemic frictions (trust/quality/logistics) matter more than demographic differences in driving frequency and channel choices.

Expectations for growth and the role of the state. Most respondents expect e-commerce to grow significantly in the next six years ($\approx 83.7\%$ “Yes”). Views on government investment in digital infrastructure were strongly supportive overall (the modal response category was “Strongly agree,” followed by “Agree”), with neutral/disagree responses a minority. This public appetite aligns with the bottlenecks identified above.

4.2.4. Recommendations for Strengthening Iraq’s E-Commerce Sector

Grounded in the survey evidence, the following actions target the highest-leverage frictions:

1. Quality assurance & seller accountability.

Introduce platform-level quality badges, verified purchase reviews, and service-level agreements (SLAs) for accurate descriptions and timely dispatch. Given 39.3% cite low quality, visible quality signals and swift, low-friction refund/return pathways can directly bolster trust and reduce the perceived need for COD.

2. Make logistics faster and more affordable.

Since cost (29.8%) and speed (25.0%) are major barriers—and “faster delivery” is the top requested improvement—prioritize in-city hubs, route consolidation, and standardized delivery bands (e.g., flat intra-city rates). Piloting same-day/next-day lanes on high-volume SKUs can materially shift shopping frequency.

3. *De-risk the transition from COD to digital payments.*

Offer “pay on delivery by card/wallet”, instant digital refunds, and escrow-like holds until acceptance. With 72.6% still using COD, pairing *guarantees* with micro-incentives (small cashback/fee waivers) is more credible than pushing cards/wallets alone.

4. *Price transparency and value framing.*

As Price & discounts (62.7%) is the leading decision driver, surface total cost (including delivery) at the first price encounter and make promotions trust-preserving (clear conditions, no hidden fees). Coupling price signals with assured quality reduces buyer regret and returns.

5. *Customer service standards and dispute resolution.*

Standardize response times, escalation steps, and refund turnaround across platforms and major sellers. The 45.9% who reported experiencing issues need a predictable, trackable path to resolution.

6. *Awareness and digital literacy.*

Respondents also asked for increased awareness/education among top improvements. Short, practical campaigns should teach users how to verify sellers, interpret reviews, and use wallets/cards safely (2FA, dispute rights), thereby raising confidence and reducing dependence on COD.

7. *Public infrastructure and policy support.*

With strong support for government investment, prioritize postal addressing standards, e-KYC rails, and a light-touch consumer-protection framework specific to e-commerce (returns, disclosures, chargebacks). This complements private-sector fixes and lowers sector-wide transaction costs.

4.3. Discussion

4.3.1. What the Behavioral Patterns Mean in Iraq’s Context

The survey shows a market that is aware of e-commerce yet not fully habitual: most respondents buy occasionally or rarely, with only a minority purchasing weekly. This cadence fits a setting where discovery is easy but confidence in fulfillment and after-sales is still consolidating. The channel mix I observed—heavy reliance on social media storefronts alongside local marketplaces and a smaller role for global platforms—mirrors Iraq’s current structure, where social commerce intermediates a large share of transactions and small sellers maintain informal, chat-based funnels

before graduating to formal storefronts (Salah 2025:12; Al-Dulaimi 2022:154). The value proposition respondents say they respond to most—price/discounts, variety, and trust signals—is consistent with Iraq-focused syntheses that locate demand growth at the intersection of affordability and credible assurance (Salah 2025:12; Fawzi 2023:10).

These usage patterns line up with readiness assessments for Iraq that find motivated consumers but incomplete rails: fragmented delivery, limited address standards, uneven seller vetting, and heterogeneous payment acceptance (Salah 2025:12). In short, habit formation is being held back less by awareness and more by the costs and risks perceived between checkout and receipt.

4.3.2. Payments: COD dominance, Risk Perceptions, and the Path to Digital Rails

A central finding in my data is the dominance of Cash-on-Delivery (COD). Respondents stated preferences and their reported frictions point to a “pay-on-inspection” trust model: when product quality, returns, and delivery timing are uncertain, COD is rational. Iraqi work on payment system suitability underscores this logic, arguing that method–infrastructure fit and perceived security jointly determine usage; where issuing/acquiring, dispute resolution, and refund UX underperform, digital methods will lag (Arab Monetary Fund (AMF) 2021:51; Abdul Hassan and Abdel Ghaffar 2021 :70).

At the same time, respondents explicitly asked for more reliable/secure digital payments as an enabler. That dovetails with policy analyses urging the activation of trust architecture—wider recognition of electronic signatures, consistent enforcement of e-transaction validity, transparent chargeback/refund pathways, and public communication of these rights—so that wallet/card payments can carry the same practical reassurance that COD currently provides (Salah 2025:12; Kadhim 2020: 393; Al-Khafaji and Ahmed 2011: 44). The readiness literature also stresses the importance of interoperability (across banks, wallets, telecom wallets) and merchant onboarding to reduce acceptance frictions for SMEs Abdul Hassan and Abdel Ghaffar 2021 :70; Al-Taie and Kadhim, 2013: 9).

Two additional Iraq-specific threads reinforce the importance of getting payments right. First, banking transformation: studies tracking private banks in Baghdad link e-commerce adoption to digitized banking services, suggesting a

positive feedback loop between retail payments and banking modernization (Al-Khafaji and Ahmed 2011: 45). Second, tax compliance: legal scholarship warns that poorly tracked online transactions and cross-border marketplace flows can amplify tax evasion risks, arguing for clearer rules and reporting for platforms and sellers (Al-Dulaimi 2022: 152). Both points strengthen the case for moving from COD to traceable, protected digital rails.

4.3.3. Logistics and Quality Assurance: the Binding Constraints

Respondents consistently pointed to delivery cost, delivery time, and product quality as the main frictions. These echo the structural constraints identified for Iraq: limited last-mile density, inconsistent address data, and uneven courier economics push costs up and make ETA promises hard to keep (Zaboon et al. 2018:7; Fawzi 2023: 11) . The effect is circular: higher delivery costs and delays erode the price advantage respondents seek, while product mismatch and weak after-sales erode trust—feeding back into COD.

The literature is clear about countermeasures: micro-fulfillment hubs in major cities; zone-based (flat) delivery pricing; standard service-level agreements (SLAs) between platforms and couriers; and stronger platform governance over sellers (clear return windows, authenticity checks, and verified reviews) (Saleh 2025: 15; Hassan et al. 2024: 295; Sahi 2019: 18; Askar and Mahmoud 2022 :122). The results of this align with this playbook: respondents' most requested improvements were exactly faster delivery, lower delivery costs, and clearer redress—a delivery–assurance bundle rather than a single lever.

4.3.4. Platforms, SMEs, and the Social-First Route to Scale

The way Iraq will scale e-commerce is likely social-first formalization: institutionalizing what already works informally. Evidence from Kurdistan Region and broader Iraqi SME studies shows that adoption depends on perceived benefits vs. capabilities/costs, with security, skills, and infrastructure as recurring blockers (Fawzi 2023: 11; Al-Taie and Kadhimi 2013: 9; Askar and Mahmoud 2022: 122; Shukri and Azab, 2018: 82). The findings put a consumer-side face on those blockers: when sellers operate via social channels without standardized policies, consumers carry search and enforcement costs.

A reasonable path forward—already visible in case material—is hybridization: keep social discovery, but plug sellers into platform rails (catalog, checkout, verified ratings, tracked delivery, and consistent returns) (Askar and Mahmoud, 2022: 122; Shukri and Azab, 2018: 82; Saleh, 2025: 11). That approach meets consumers where they are and gives SMEs the guardrails they need to trade beyond small circles of trust.

4.3.5. Mobile Commerce, Internet Usage, and Digital Inclusion

Mobile is the primary interface for Iraqi consumers. Studies on m-commerce in Iraq and on Internet usage patterns support the view that smartphone penetration, data costs, and app UX meaningfully shape adoption curves (Lawrence and Tar 2010:28; Taie and Kadhim 2013: 9; Al-Rubaie 2013: 153; Hassan et al. 2024: 295). This resonates with the behaviors in my dataset (social-led discovery, bite-sized comparison, chat-based negotiation). If wallets, addresses, and delivery windows can be handled cleanly inside mobile flows, much of the current friction disappears. The Arab Monetary Fund also emphasizes the regional shift to mobile-first retail payments, encouraging practical safeguards like two-factor authentication, tokenization, and real-time notifications to normalize digital spending habits (Abd al-Hasan and Abd al-Ghaffar 2021: 83).

4.3.6. Banking Services, Economic Spillovers, and Taxation

As private banks extend digital channels, e-commerce creates two-sided modernization: merchants gain acceptance and settlement tools; consumers gain safer, traceable options that unlock credit histories and savings products (Al-Dulaimi 2022: 157; Askar and Mahmoud 2022: 122). The macro literature connects these rails to productivity gains and SME formalization (Zaboon, Ganawi and Dakhil 2018:7; Askar and Mahmoud 2022: 122). But scale also heightens the need for clear tax rules. Legal analysis on e-commerce tax evasion specific to Iraq documents enforcement and jurisdictional challenges across platforms and cross-border flows and calls for transparent registration, platform reporting, and simplified compliance regimes that avoid stifling micro-sellers (Kadhim 2020: 384). The respondents' willingness to consider non-COD methods if security and policy clarity improve suggests compliance-by-design is feasible if the benefits are visible.

4.3.7. How the Results and the Literature Converge into an Iraq-Specific Agenda

Bringing the strands together, an Iraq-specific agenda emerges:

1. Trust architecture for payments. Fully implement and publicize e-signature/e-transactions validity, buyer protection, and chargeback/refund rules; expand acquiring and wallet interoperability; and co-design refund UX with banks and telecom wallets to match COD's reassurance (Salah 2025:12; Kadhim 2020: 384 ; Al-Khafaji and Ahmed 2011: 44).
2. Delivery economics and predictability. Support micro-fulfillment, zone-based tariffs, and SLA-anchored courier partnerships; improve addressing and parcel data standards to enable ETA accuracy and cost control (Salah 2025:12; Al-Taie and Kadhim 2013: 11; Askar and Mahmoud 2022: 122).
3. Platform governance over quality. Require authenticity checks, standardized return windows, and verified reviews; elevate dispute resolution above chat-based negotiation to platform-level processes (Salah 2025:14; Al-Taie and Kadhim 2013: 9; Fawzi 2023)
4. SME enablement. Pair storefront and payment onboarding with security toolkits, photo/listing standards, and bite-size training; lower entry costs via shared logistics and negotiated delivery rates (Shukri and Azab 2018: 82; Zaboon, Ganawi and Dakhil, 2018:7; Al-Mukhtar, Abou-Zeid and Khalil, 2023: 423).
5. Tax and formality, made simple. Introduce lightweight registration and platform-assisted withholding/reporting so that compliance does not choke micro-entrepreneurship, tackling the evasion risk flagged in Iraqi legal scholarship while preserving growth (Kadhim 2020: 402; Jalal 2023: 548).
6. Mobile-first design. Treat the smartphone as the primary journey: one-screen checkout, wallet/card toggles, address auto-completion, and delivery tracking with push notifications (Arab Monetary Fund (AMF) 2021; Sahi 2019: 18; Hassan, et al. 2024: 295).

4.3.8. Limitations and Future Research

The sample (N=88) skews toward younger, educated, urban respondents; rural and older cohorts may face distinct constraints (coverage, delivery reach, digital literacy). The cross-sectional design cannot causally pin down which intervention

(payments vs. delivery vs. governance) moves the needle most. A natural next step is an experiment testing the combination of trust badges + guaranteed 48-hour delivery + instant refund against a control in the same product category, tracking conversion and repeat purchase. A second step is a matched seller study comparing outcomes for SMEs that migrate from pure social selling to platform-assisted rails.



CONCLUSION

This research set out to map how Iraq's consumers currently engage with e-commerce, why they choose (or hesitate) to buy online, and which changes would most credibly move the market from "occasional" to "habitual" usage. Using a structured survey instrument and a sample of 88 respondents, I reported descriptive patterns across demographics, platforms, payment practices, decision drivers, barriers, and attitudes toward future growth and public investment.

Three conclusions stand out.

First, demand is value-led but confidence-constrained. Respondents are pulled online by price and discounts, and by the breadth of assortment, particularly through social channels and regional marketplaces. Yet purchasing frequency remains modest because the "last mile" is uncertain: product quality varies, delivery is often slow or costly, and recourse is not always clear. The continued dominance of COD is a rational response to that environment—payment is withheld until the item is seen—rather than a mere habit to be "converted." Policy or product design that ignores this risk calculus will underperform.

Second, the biggest levers are operational, not demographic. Shopping frequency did not segment strongly by age or gender in exploratory tests; rather, system-level frictions (quality assurance, predictable delivery, credible redress) appear to shape behavior more than who the shopper is. This aligns with respondents' own accounts of what deters them and what would encourage them to buy more often.

Third, there is a clear public appetite for growth—paired with support for enabling infrastructure. A large majority expects e-commerce to grow in the medium term and favors increased government investment. That mandate sits naturally alongside private-sector steps: platform quality standards, verified reviews, flat-rate intra-city delivery, visible refund SLAs, and escrow-like payment options (including "pay on delivery by card/wallet") to smooth the shift away from cash. Taken together, the results point to a feasible path: make the reliable choice the easy choice. If platforms and merchants

compete on transparent total price, honest product representation, and fast/affordable delivery windows—and if regulators codify fair, light-touch consumer protections—the market should see a steady migration from quarterly to monthly purchasing, and from COD to safeguarded digital rails. This is less about importing a foreign model wholesale and more about tuning Iraq’s emerging ecosystem to how local consumers calculate risk and value today.

Limitations and future work. The sample is practical rather than probabilistic, so results should be generalized with care. Follow-up studies could pair larger samples with behavioral data (e.g., order-level return rates by payment method) and audit experiments (e.g., verified-badge impacts on conversion) to quantify the trust and logistics levers more precisely.



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