

Singapore's digital economy contributed 17.3% to GDP in 2022

Growth has created more tech jobs, which rose from 155,500 in 2017 to 201,100 in 2022

Osmond Chia

Singapore's digital economy contributed \$106 billion, or 17.3 per cent, to its gross domestic product (GDP) in 2022 and created more than 200,000 tech jobs, according to new data released by the nation's media regulator.

Published on Friday, the findings in the inaugural Singapore Digital Economy Report are the first official figures provided for the Republic's digital economy.

The study found that economic contribution of the digital economy to Singapore's GDP nearly doubled to \$106 billion from \$58 billion between 2017 and 2022. It was put together by the Infocomm Media Development Authority and the Lee Kuan Yew School of Public Policy.

The report calculates the digital economy based on two compo-

nents. The first is the value-add or economic contribution of the information and communications (I&C) sector, which comprises digital services typically associated with the tech industry like telecommunications, computing and software.

The second is the value-add that non-digital industries have from embracing digital technologies and solutions.

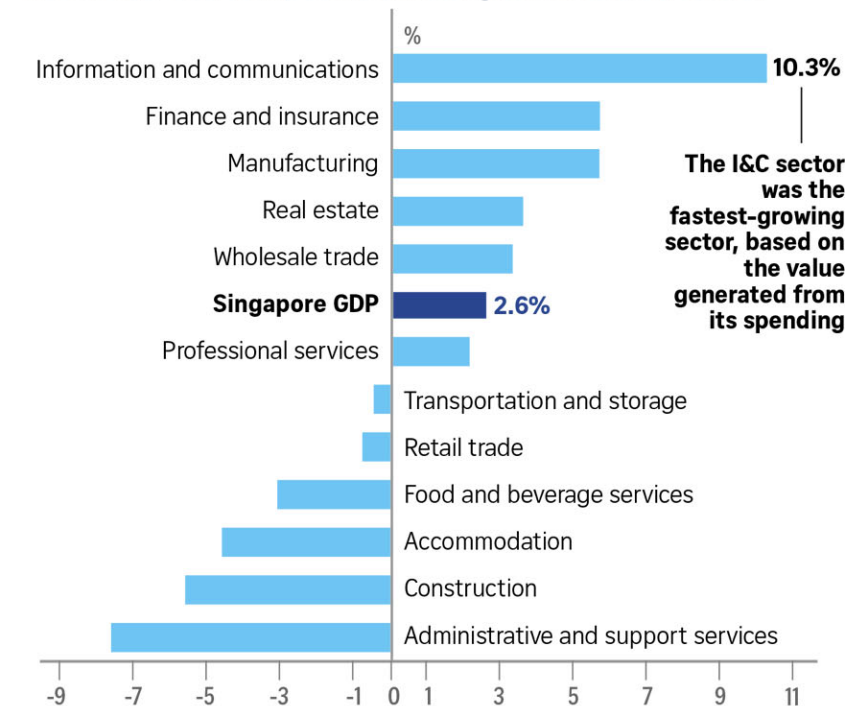
Acknowledging that there is currently no internationally agreed standard for the measurement of the digital economy, the report said it "presents our approach of defining and measuring our digital economy, which we can subsequently use to monitor its contribution to Singapore over time".

The I&C sector alone contributed to 5.4 per cent of Singapore's GDP in 2022. It also accounted for a third of Singapore's digital econ-

Growth of the information and communications sector

The digital economy accounted for 17.3 per cent of Singapore's gross domestic product (GDP) in 2022

Real value-add compound annual growth rate by sector



Source: INFOCOMM MEDIA DEVELOPMENT AUTHORITY STRAITS TIMES GRAPHICS

omy and is the fastest-growing sector, reflecting Singapore's position as a global electronics manufacturing hub, said the report.

The I&C sector has grown almost twice as fast as finance and insurance, and manufacturing since 2017, driven by the growth of gaming, e-commerce and online services such as social media, which are the three quickest-growing fields within the digital economy. Each of these fields hit double-digit compound annual growth rates of up to 70 per cent a year.

Efforts to digitalise in other parts of the economy have also grown as their economic contribution grew from \$38.6 billion to \$72.8 billion over the five-year period.

The bulk of the economic contribution came from the finance and

insurance sector, followed by wholesale trade and manufacturing.

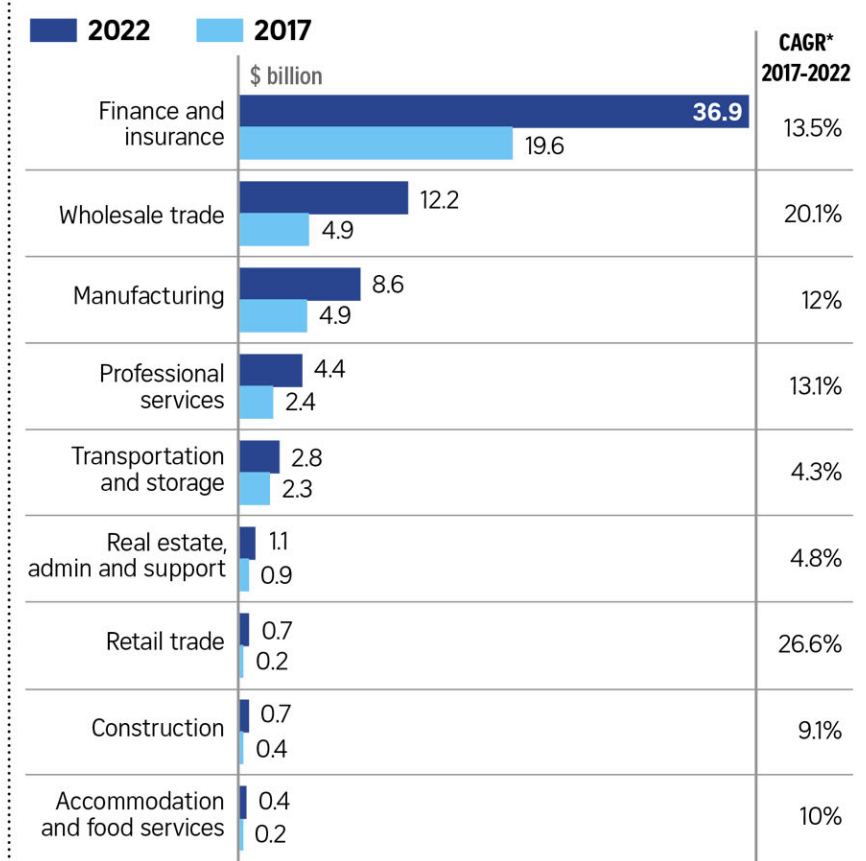
The digital economy's growth has, in turn, created more tech jobs, which rose from 155,500 jobs in 2017 to 201,100 in 2022, accounting for 5.2 per cent of all jobs here.

The majority of these jobs are in sectors outside of tech as more non-tech firms digitalise, needing more expertise in cloud computing, network and infrastructure, and product development.

Most of these jobs are held by local workers, who command higher wages than the median salary of other residents here.

Tech jobs will likely remain in demand as the economy digitalises despite layoffs in the tech industry since 2022 that affected workers in Singapore and globally,

Value gained from digitalisation for key sectors (2017-2022)



NOTE: *Compound annual growth rate.

said the report.

The technology adoption rate among small and medium-sized enterprises (SMEs) rose to 94 per cent in 2022, up from 74 per cent in 2018. Nearly all larger firms have adopted technology in some form.

But the report found that SMEs are not using as much technology as larger businesses, lagging behind in the adoption of key areas such as cloud computing and data analytics.

Singapore's performance compares favourably with similar economies like Estonia, Sweden and Britain, whose digital economy sizes were estimated by the report to be between 15 per cent and 16.6 per cent, just shy of Singapore's 16.7 per cent.

"Estimates on the size of the digital economy are not easily compa-

rable across jurisdictions, as well as across studies. Caution needs to be exercised with international comparison of estimates of the digital economy," said the report.

Communications and Information Minister Josephine Teo said in a LinkedIn post on Friday that it is important for countries to know the value of their digital economy because it helps plan for investments in infrastructure as well as policies to support its growth.

The Singapore digital economy's growth shows that efforts to grow the industry here are paying off, said Mrs Teo, adding that the Government aims to continue to train more of the workforce to take on roles linked to the digital economy, regardless of workers' backgrounds.

osmondc@sph.com.sg