

Northern Ireland...we have an opportunity

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When you consider that the new iPhone 5S has 240,000 times more computer memory than the Voyager 1 spaceship - which became the first craft ever to leave our solar system in the same week the latest Apple smartphone launched - you realise the extent of the ongoing revolution taking place in consumer technology and the new-found power at consumers' fingertips.

All of this has considerable economic implications. Some are obvious, such as the exodus of many household names from the high street as consumers migrate to online shopping. Indeed, 80% of Northern Ireland households now have access to the internet, up from 61% when the recession began in 2008, with 60% of them shopping online. This shift from high street to online raises questions about the sustainability of district councils' rates revenues and future finances. And delving a bit deeper into the available statistics provides some useful insights into the opportunities and threats facing businesses, policy makers and society as a whole.

Last month saw the publication of one of Northern Ireland's lesser known statistical reports - Ofcom's Communications Market Report (CMR) for Northern Ireland. It is a mine of invaluable information which highlights the transformation in consumer behaviour. It also provides a useful set of performance indicators that could be adopted as targets in the Northern Ireland Programme for Government regarding progress within the public sector innovation space.

A quick glance at the statistics reveals some surprising facts and trends. On the positive side, it is encouraging that the availability, take-up and use of most communications services in Northern Ireland is now on a par with, and in some cases, ahead of the UK average.

Northern Ireland has the highest take-up of mobile phone usage in the UK at 94%. Interestingly, while local households have incomes significantly below the UK average, the take-up of Pay TV (*Sky, Virgin Media, BT Vision*) or paid-for top-up services (*e.g. Top-Up TV*) in Northern Ireland is much higher than anywhere else in the UK. Two-thirds of Northern Ireland households avail of Pay TV, which compares with 59% for the UK as a whole. This is perhaps contrary to what one would expect. However, the absence of water charges in Northern Ireland and lower domestic taxes overall, means local households have disposable income they would otherwise not have.

Tablet usage in Northern Ireland, of the computer variety, has more than trebled over the last year. Almost 30% of households now own a tablet, which compares with less than 1 in 4 households in the UK. Two years ago, this figure for Northern Ireland was just 2%. Similarly, smartphone ownership in Northern Ireland surged by one third last year. Now, 45% of the population, or almost half of all mobile phone users, possess a smartphone.

This take-up of new technology is impacting on consumer behaviours. As a result, businesses are rapidly adapting how they interact with their customers to sell their goods and services through digital channels. Banking is one area where the pace of change has been swift. A recent survey of Northern Ireland smartphone users, commissioned by Ulster Bank, revealed there was a 50% increase in mobile banking usage in the past 12 months. Furthermore nearly 60% of smartphone users avail of online banking. This move from face-to-face interaction towards digital channels explains why banks no longer require the same branch network they once had.

Over the last five years, online and mobile transactions at Ulster Bank have increased from 34 million per year to 85 million, an increase of 250%. Some 45% of all the bank's transactions are conducted through these channels. Over the next five years, e-banking and mobile are expected to account for 60-70% of all banking transactions. Some other sectors have seen equally rapid change, and others, such as the public sector, have an opportunity to benefit from communications technology advances too.

The new Finance Minister has put public sector reform at the heart of his agenda. In addition, Simon Hamilton has set the goal of Northern Ireland's public sector becoming the most innovative in the world, and in pursuit of exploring this aim the Finance minister has already met with the OECD to discuss public sector innovation. Becoming world class in public sector delivery requires excellence in the digital economy arena. In this regard, the annual Ofcom report provides a useful set of indicators that benchmarks Northern Ireland's performance within a UK context.

Possessing a modern, fast telecommunications infrastructure is as essential for public sector competitiveness as it is for the private sector. Northern Ireland has the highest availability of fibre broadband among the UK nations – 93% versus 56% for the UK average. However, simply having excellent telecommunications, as Northern Ireland has, is not sufficient in itself. The opportunities that telecommunications infrastructure present must be exploited to the full. There is the opportunity to reap substantial cost and efficiency savings. For example, take-up of online government services in Northern Ireland has some way to go to catch up with elsewhere. Less than half (48%) of Northern Ireland households use online government services. This is the lowest proportion of all regions and compares to 61% for the UK as a whole.

Delivering public services through online channels offers both economic and societal benefits. In particular, online offers public bodies the opportunity to deliver more for less. Despite having better access to superfast broadband than elsewhere, the Ofcom report highlights that Northern Ireland households have a greater tendency to use more costly, labour intensive and inefficient forms of interaction with government. For example, when it comes to completing government processes such as registering for tax credits, completing a tax return or renewing a driving licence, a greater proportion of Northern Ireland households (34%) prefer a face-to-face contact than in the UK (19%). Meanwhile only 23% of households will use email or access a website to complete a government process which compares with 43% for the UK.

It has certainly been one big step forward for Northern Ireland in the past couple of years in terms of online and mobile technology uptake overall, and, whilst there are resulting threats, there is also the opportunity to bring about some giant leaps forward in terms of customer interaction, efficiency and service delivery across all sectors of the economy.

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