

e-Conomy Southeast Asia 2020
Regional Cooperation and Integration Policy Open Dialogue
 Friday, 27 November 2020 | 10:00 – 11:30 am (Manila)

Main takeaways: Philippines



FLIGHT TO DIGITAL

37% of all digital service consumers were new, with 95% of users intending to continue their behavior post pandemic.



NEW FRONTIERS

HealthTech and EdTech experienced Impressive adoption rates during the pandemic



CAUTIOUSLY OPTIMISTIC

From the goal of “blitzscaling” in prior years to more sustainable, profitable growth



RESILIENCE IN TIMES OF CRISIS

E-Commerce has driven significant growth, which has largely offset declines in Travel and Transport, among others



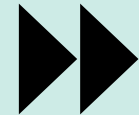
ONLINE WITH A PURPOSE

8 out of 10 users view technology as very useful during the pandemic



ON THE PATH TO PROFITABILITY

Platforms are now refocusing on their core business and are addressing consumers' broad range of needs through partnerships



WHAT'S AHEAD

This year's seismic consumer and ecosystem shifts has advanced the Internet sector

Key indicators of digital adoption in the Philippines (as of January 2020)

TOTAL POPULATION



**108.8
MILLION**

+ 1.5 MILLION (+1.4%)

Jan 2020 vs. Jan 2019

INTERNET USERS



**73.0
MILLION**

Penetration rate: **67%**

MOBILE PHONE CONNECTIONS



**173.2
MILLION**

159% of the population

+ 38.0 MILLION (+28.0%)

Jan 2020 vs. Jan 2019

ACTIVE SOCIAL MEDIA USERS



**73.0
MILLION**

Penetration rate: **67%**

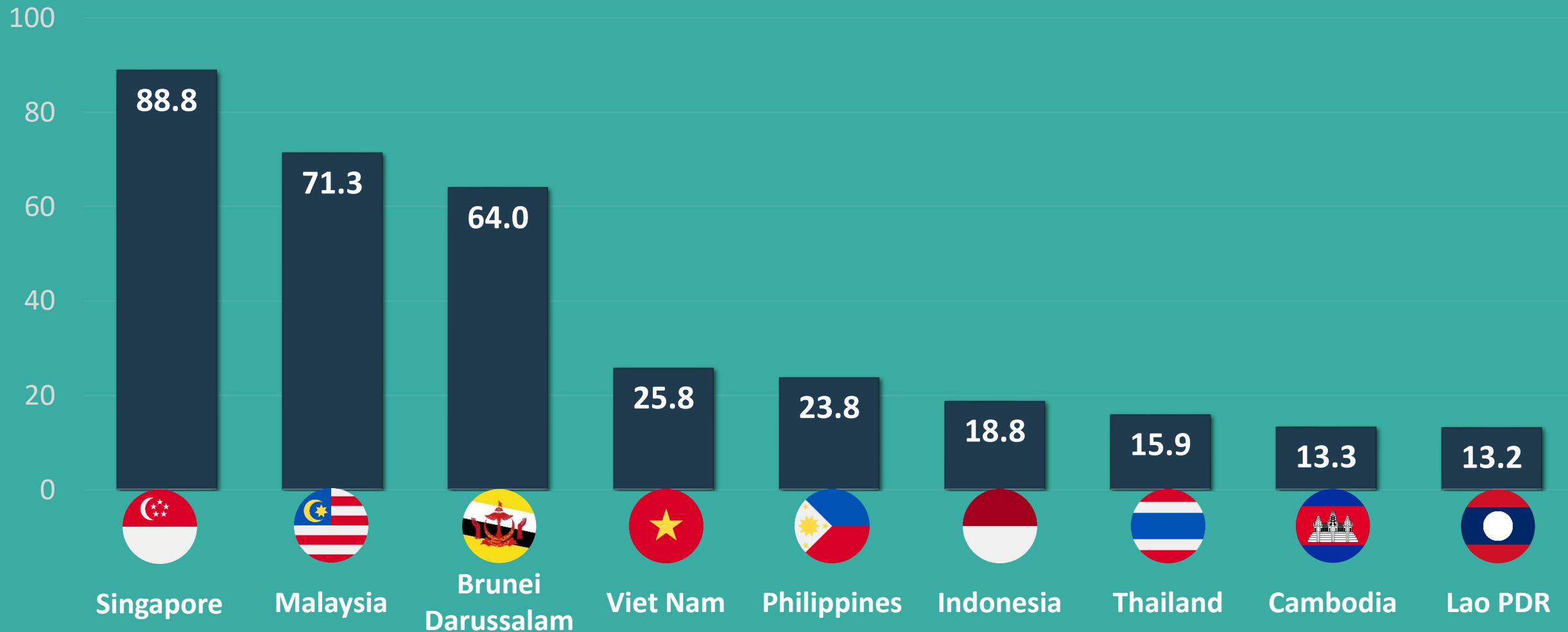
+ 5.8 MILLION (+8.6%)

Jan 2020 vs. Jan 2019

ASEAN: Percentage of households with internet, 2019



ASEAN: Percentage of households with computer, 2019









Digital divide: The poor have less access to opportunities that accompany digital technologies

There is a **digital divide** wherein the bottom 40 percent of households in the country consistently have lower access to television, radio, mobile phones, and computer.

If the existing digital divide is left unaddressed, this might worsen the marginalization of already disadvantaged groups and widen educational gaps in the country (particularly on remote learning arrangements due to COVID-19)

Income decile	Number of households	Proportion (%) of households with:			
		 Television	 Radio	 Computer	 Mobile phone
Poorest	2,475,274	51.28	33.62	1.37	73.42
2nd	2,474,182	66.00	35.30	3.07	81.22
3rd	2,474,910	73.79	36.94	5.10	84.79
4th	2,474,570	79.84	38.78	7.90	87.64
5th	2,474,662	84.34	40.27	10.53	88.69
6th	2,474,915	87.62	41.04	16.18	89.71
7th	2,474,557	90.69	42.87	23.00	91.50
8th	2,474,778	92.36	43.09	32.13	93.06
9th	2,475,122	94.32	44.02	44.55	94.88
Richest	2,474,204	96.56	44.13	62.76	96.08
All households	24,747,174	81.68	40.01	20.66	88.10



On average, Filipinos spend nearly 10 hours daily on the Internet, the highest worldwide

USING THE INTERNET



09:45

USING SOCIAL MEDIA



03:53

WATCHING TELEVISION



03:49

LISTENING TO MUSIC STREAMING SERVICES



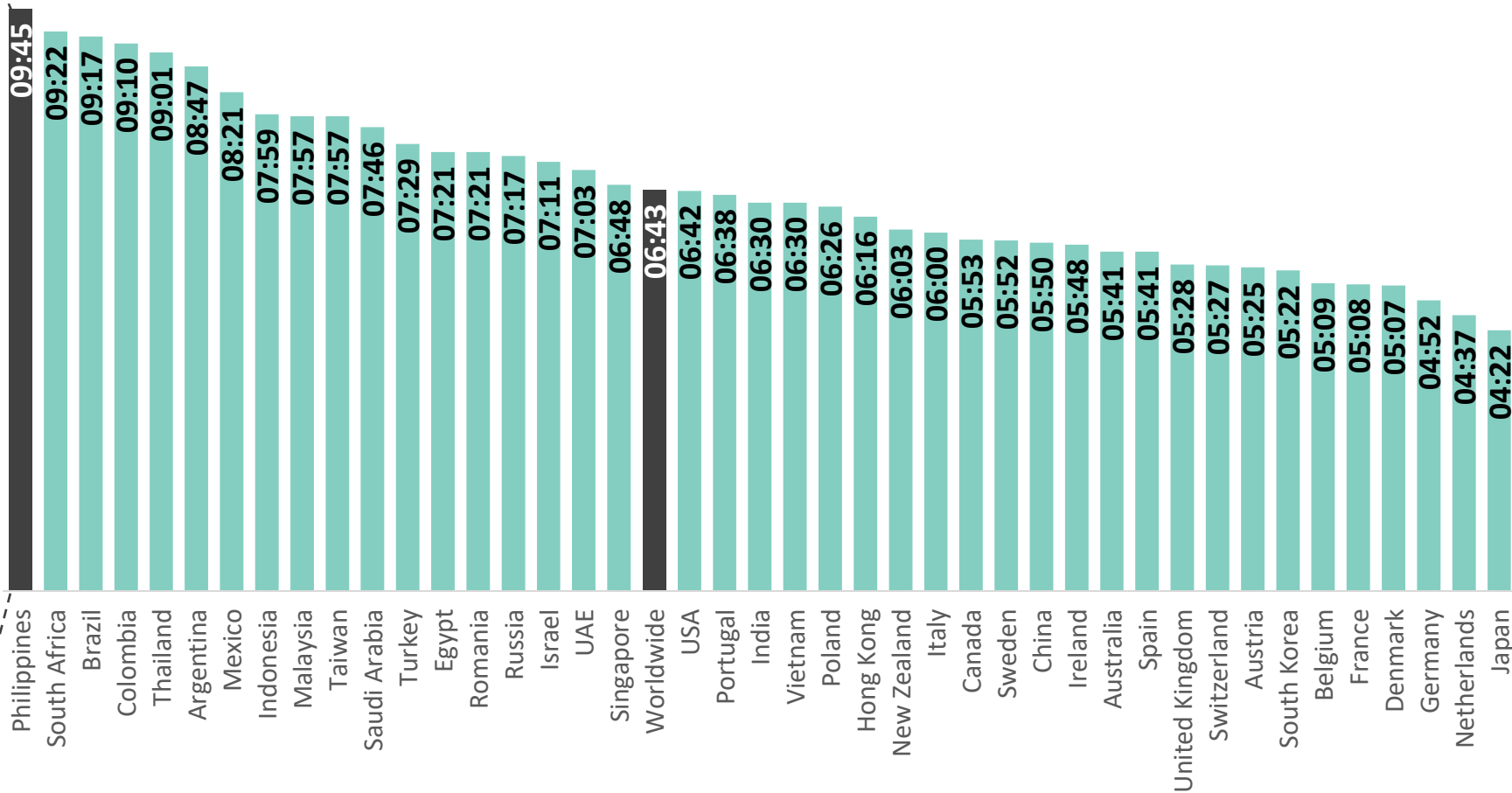
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USING A GAMES CONSOLE



01:33

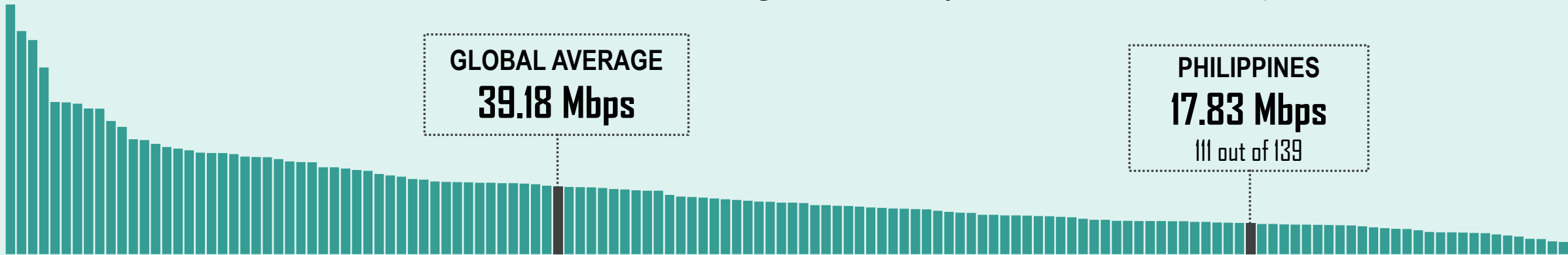
Average amount of time (in hours and minutes) that Internet users aged 16 to 64 spend using the Internet each day on any device, 2019 Q3



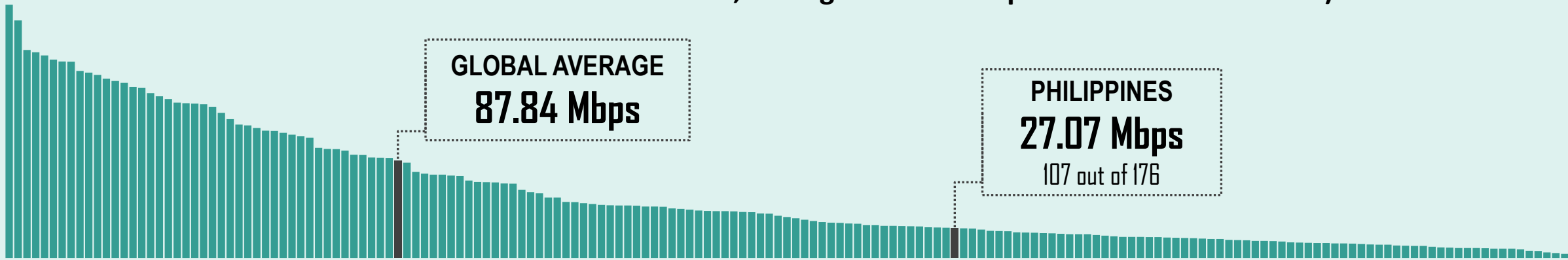


Mobile and fixed broadband internet speeds in the Philippines are way below the global average

Mobile internet connections, average download speed as of October 2020)



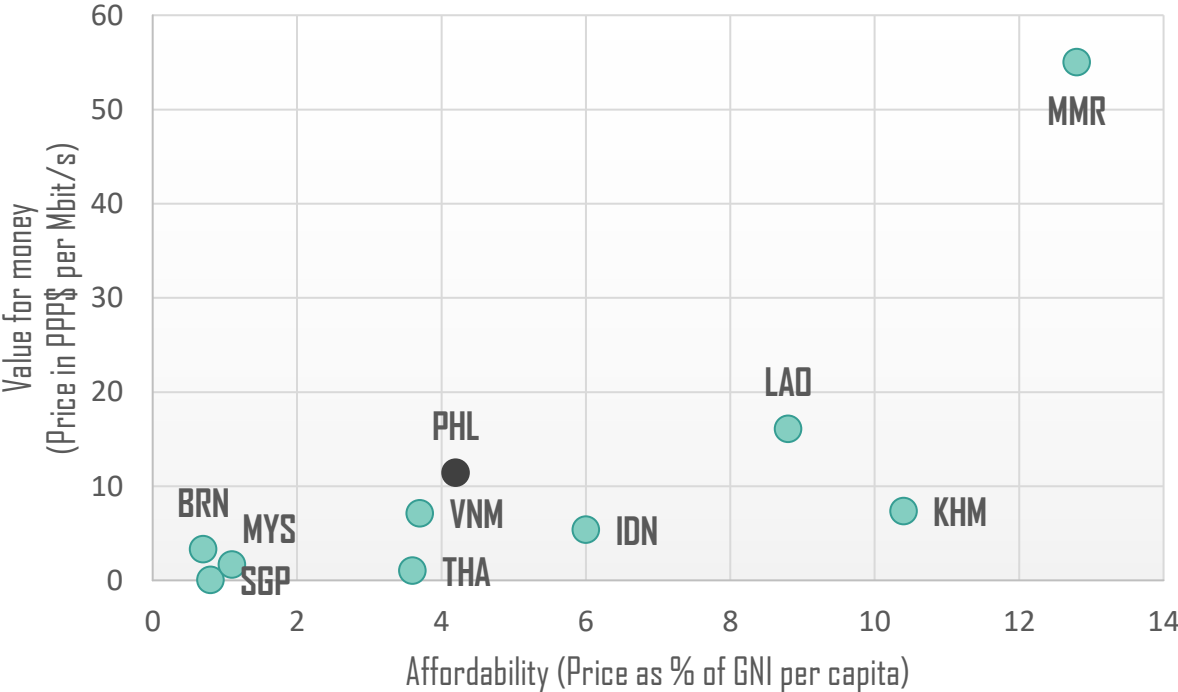
Fixed broadband internet connections, average download speed as of October 2020)



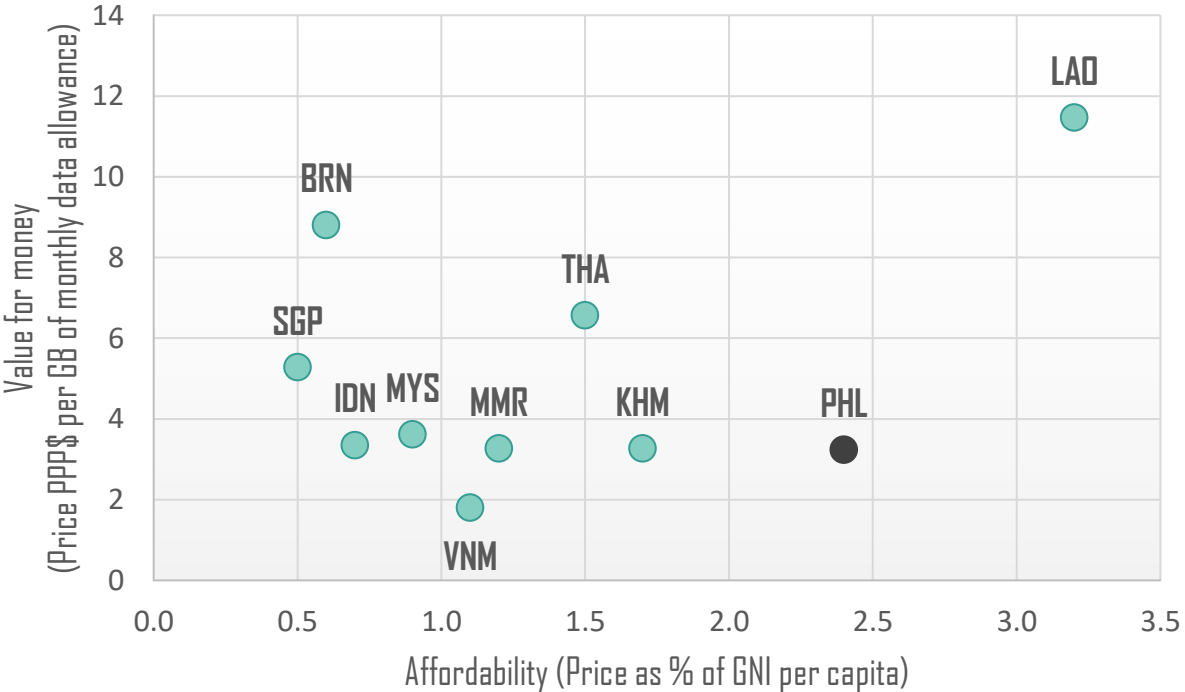


Despite having below average internet speeds, internet costs in the Philippines are among the highest both in the region and globally

Fixed broadband



Mobile data



Global ranking based on affordability (price as % of GNI per capita)

	BRN	KHM	IDN	LAO	MYS	MMR	PHL	SGP	THA	VNM
Fixed broadband (out of 175)	7	135	113	128	33	140	101	9	91	92
Mobile data (out of 184)	26	88	39	117	48	68	103	17	78	66



Despite having advanced digital technologies knocking at its door, digital transformation in the Philippines is still lagging (10th out of 11)

Country	Overall Score (Rank)	Digital Infrastructure Reliability, speed and affordability of digital connectivity	Human Capital Quality and quantity of people that can create digital transformation environments	Industry Connectivity Ability to absorb and benefit from digital technology that is available in the market
Singapore	78.0 (1 st)	82.5 (1 st)	80.8 (1 st)	61.9 (4 th)
Japan	63.5 (2 nd)	58.9 (3 rd)	67.9 (5 th)	73.1 (1 st)
Hong Kong	62.3 (3 rd)	63.6 (2 nd)	74.1 (3 rd)	46.5 (5 th)
South Korea	61.0 (4 th)	54.3 (4 th)	75.9 (2 nd)	66.2 (2 nd)
Taiwan	55.7 (5 th)	47.6 (5 th)	70.2 (4 th)	65.5 (3 rd)
Malaysia	36.9 (6 th)	40.4 (6 th)	44.4 (6 th)	18.6 (8 th)
Mainland China	36.4 (7 th)	35.7 (8 th)	33.6 (7 th)	41.3 (6 th)
India	31.0 (8 th)	36.1 (7 th)	22.4 (8 th)	24.4 (7 th)
Thailand	23.0 (9 th)	26.4 (9 th)	20.1 (10 th)	16.0 (9 th)
Philippines	12.8 (10 th)	9.7 (11 th)	20.4 (9 th)	11.3 (11 th)
Indonesia	12.2 (11 th)	14.3 (10 th)	6.9 (11 th)	14.1 (10 th)
Average	43.0	42.7	47.0	39.9

Challenges in the Philippine digital infrastructure



OUTDATED REGULATORY POLICIES

- **1931 Radio Control Law** – oversees the regulation of radio stations and radio communications
- **1936 Public Service Act** – looks at how a regulator supervises an industry
- **Public Telecommunications Policy Act of 1995**



LACK OF COMPETITION / BARRIERS TO ENTRY

- New players may need to access a current telecommunications facility, as a **congressional franchise or provisional authority** is required to build and operate networks
- Companies on emerging internet technologies need to be 60% Filipino owned – **restriction on foreign ownership**
- Market is **dominated by only a few players**

Digital transformation as a national strategy

Mission:

To embed the pursuit of service-orientation, procedural efficiency, and behavioral transformation into the very fabric of government operations.

This will be achieved by building upon the learnings and successes of its initial e-Government programs towards the next level of sophistication in the areas of technology, process and procedural interoperability, data harmonization and standardization, service delivery and support capabilities, and transparent governance.

- 1** Bring cohesion to the various automation and technology infrastructure development programs of the government.
- 2** Rationalize the need for all software automation and infrastructure development initiatives across government to converge into a standards-based framework
- 3** Promote opportunities for acculturation and re-habitation (mindset formation) to affect the way government executives and employees think and how they view their services

Digital transformation: Launched and ongoing initiatives of the government



Use of digital technology in government processes

Examples of ongoing initiatives, which have started to digitize processes:

- Bureau of Customs – six information systems
- International Trade – National Single Window
- DTI and Securities and Exchange Commission – online business registration systems, Integrated Business Permits and Licensing System (iBPLS) project



Issuing a digital ID

Philippine Identification Systems (PhilSys) Act of 2018, a national ID will be issued using a biometric recognition and privacy-by-design technologies – allows for easier verification



Digital payments for government transactions

- Providing citizens and firms the option to pay taxes and receive salaries digitally can reduce the time people spend traveling and promote social distancing
- Pantawid beneficiaries with cash cards were able to receive digital payments during the pandemic



Learning opportunities using digital modalities

Multi-modality remote learning using non-face-to-face means such as TV, radio and cellphones allows flexibility and equitable access to high quality education



Philippine Institute for Development Studies
Surian sa mga Pag-aaral Pangkaunlaran ng Pilipinas

Service through
policy research

Thank you

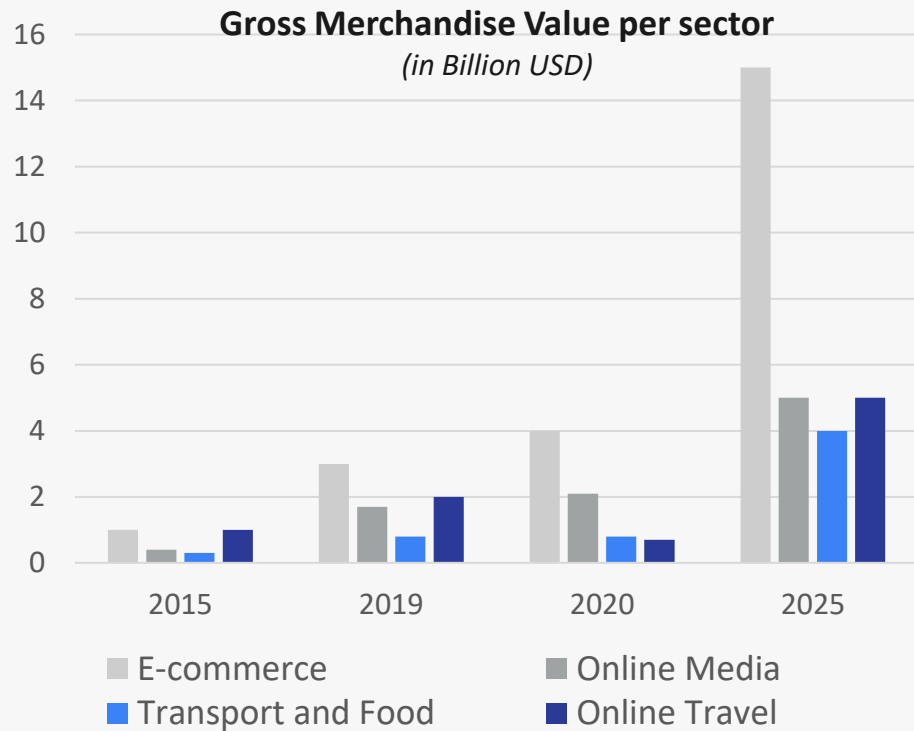
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E-CONOMY SEA 2020: Key highlights for the Philippines

Contraction in Transport & Food and Travel were offset by growth in e-commerce and media



Investment
in the
internet
sector

Internet
e-Economy
Stands
resilient at
USD 7.5B
(in 2020)

Year	No. of Deals	Deal Value (in Million USD)
2016	30	58
2017	44	47
2018	57	310
2019	72	221

