

Going Digital

From Innovation to Inclusive Growth in the Philippines

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Surian sa mga Pag-aaral Pangkaunlaran ng Pilipinas

Presentation outline

- The Philippine digital economy: Factors to consider
- Examples of digitalization of services in the Philippines
- Selected case studies
- Highlights of the case studies
- How does the digital economy help reach last mile consumers?
- Reaching the last mile consumer
- Approaching both sides: Supply and demand
- Policy recommendations

Philippine Digital Economy: Positive Factors



Strong and developed
mobile market



Improving digital literacy,
financial inclusion, and
digital services



OFW households
access the internet more



Filipinos welcome
digitalization



Majority of Filipinos are
'proxy users'

Philippine Digital Economy: Positive Factors



Robust mobile phone
market



Smartphone ownership
grows rapidly



Build, Build, Build and
the National Broadband Network

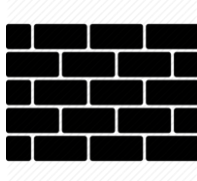


Demographic advantage
and high GDP growth rate

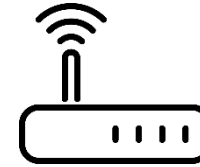
Philippine Digital Economy: For improvement



Cybersecurity issues and
lack of public awareness



Localized access divides



Insufficient IT
infrastructure



Slow average
internet speed

Philippine Digital Economy: For improvement



Low access to landline
connection in
provinces



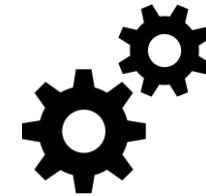
Lack of studies on sector/firm
level effects of digitalization
in the Philippines



Job mismatch and
jobless growth



Financial limitations to
last mile consumers



ICT service price among
highest in ASEAN

Digitalization of services in the Philippines

e-Education

- University of the Philippines (UP) Open University Virtual Learning Center
- New Era University Open and Online Education
- Mapua University
- TESDA Online Program

e-Finance

- Online banking facilities offered (i.e., transactions and accounts)
- E-wallets (e.g., Gcash and Smart Money)
- Services offered through mobile phones (e.g., FINTQ's KasamaKa microinsurance program; Lendr)
- Smartphone applications (e.g., CARD Bank's konek2CARD)

e-Health

- Electronic platforms allow for online scheduling
- Online access to laboratory results
- National Telehealth Center (NTHC)
- Remote consultation (e.g., MyPocketDoctor)

e-Governance

- Progress in the use of ICT in the public arm evidenced by an increase in rank from 95th (2015) to 71st (2016) in the e-Government Development Index.
- Digitalization of local governments through cashless payment systems (e.g., PayMaya)

Selected case studies

e-Education (TESDA Online Program)



- ✓ First Philippine Massive Online Courseware
- ✓ Offers 59 courses across 12 different sectors

e-Finance (CARD Bank konek2CARD)



- ✓ First Microfinance-oriented Rural Bank in the Philippines
- ✓ Operates 69 Microbanking Offices with 2.3 Million Clients

Highlights of the case studies

e-Education (TESDA Online Program)



60.0% Female TOP Users



23.8% Overseas Users



51.0% take up ICT courses



65.0% are college graduates,
25-34 years old, located in Luzon



16.5% live in low HDI areas

e-Finance (CARD Bank konek2CARD)



40.4% are engaged in small
businesses and sari-sari stores



57.4% open savings accounts



Easier, faster, and convenient
transaction processes



Saves on transportation costs and
travel time



Access divide exists

Reaching the last mile consumer

- Last mile consumers are understood to be “individuals or households that are willing yet unable to pursue their human aspirations following a mixture of financial, geographic, or cultural obstacles.”
- The digital economy allows for services to reach the last mile consumer.
- Last mile consumers can include:



Poor



Housewives



OFWs

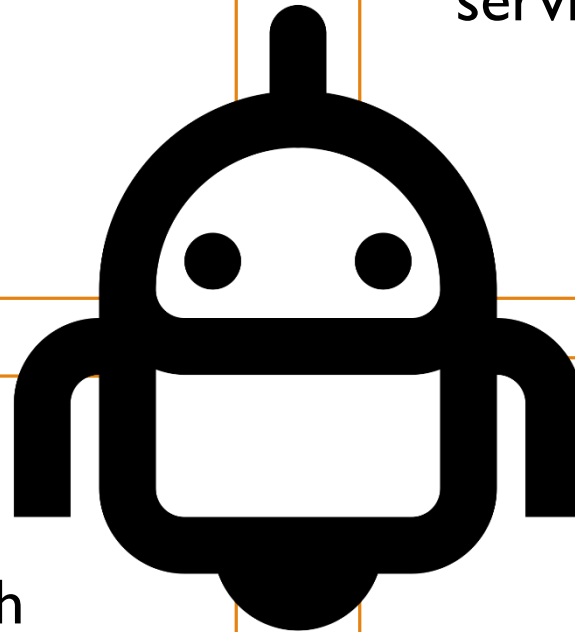


Distant Areas

How does the digital economy help reach last mile consumers?

Spur economic development through digital technology.

Internet-based businesses provide services to last mile consumers at very little marginal cost.



Services are enabled to reach last mile consumers so long as the access divide is bridged.

Creates new markets and opens existing ones

Approaching both sides: Supply and demand

SUPPLY REGULATIONS

- Opening up existing government-owned facilities such as railroads and access roads for fiber rollout.
- Reforming existing legislation such as the Public Service Act of 1936 which details communications as a public utility.
- Amending the 1987 Philippine Constitution restricting foreign capital ownership (60.0% should be Filipino-owned).
- Ensuring a fair and level playing field across businesses (e.g., e-commerce) to ensure that disruptions are controlled (e.g., effects from the sharing economy).

DEMAND REGULATIONS

- The National Cybersecurity Plan acts as the Philippines' first defence as a digital nation.
- Information should be regulated and protected as well (i.e., sensitive personal information).
- Key legislation to cybersecurity includes the Data Privacy Act of 2012 and the Cybercrime Law of 2012.
- Need for the DICT to establish an incident reporting system and to advocate for cooperation among all stakeholders

Policy recommendations

- Reviewing the laws related to the provision of public goods and services particularly the internet.
- Ensure that the strategies of the Philippine National Broadband Plan are implemented.
- Establish a secure strong collaborative working relationship between key actors related to the digital economy.
- Ensure that the analog components are strengthened (i.e., rules, skills, and institutions).
- Prepare the service providers with the ability to use ICT to perform current and even new ICT-related tasks.
- Further promote the use of technology not only through intensive government promotion campaigns but also by assuring users that the ICT infrastructure is stable and resilient to cyber-attacks.



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