

Challenges Filipino consumers face amid rising digital economy

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Sources: Philippine Statistics Authority, STATISTA, AMRO Blog/ Andrew Tsang, Computer Professionals Union

Filipino consumers face opportunities and challenges amid a rising digital economy. The need for sufficient regulation and infrastructure requires assertive people-centered governance to ensure that digitization's contribution to the economy benefits the mass of consumers.

Philippine government has put plans in place to advance digitalization *(Tsang/ AMRO blog)*

- PDP 2022-2028 economic digitalization initialised with a National ID system for government services
- Central Bank's Digital Payments Transformation Roadmap 2020-2023 for financial digitalization
- E-government Master Plan 2022 drew blueprint for digital transformation of all basic services
- Fiscal digitalization for faster tax collection (ie PHP10 billion in annual revenues)

Shape of the Philippine digital economy (PSA)

- Contributed 8.3% to the economy in 2023, a 7.7% growth from PHP1.9 trillion to php2 trillion gross value added
- Composed of digital-enabling infrastructure, e-commerce, digital media/content and government digital services
- Top contributors are telco services, professional and business services, and computer, electronic and optic products
- 9.68 million are employed in digital economy: e-commerce and digital-enabling infra had the biggest part here (87% and 11%)

"Upper middle-income" meaningless amid severe income and wealth inequality

Incomes **₱500,000-10+ million/month**

2% of families
(approx 500,000 families)

₱20-25 trillion

**Wealth of
richest 2%**

Villar **₱540B** | Razon **₱451B** | Ang **₱189B**

**2,945 billionaires have
₱8.2 trillion**

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Incomes **below ₱26,000/month**

66% of families
(approx 17 million families)

**"Wealth"
of poorest
80%**

**Poorest 85% of
adults each have
₱500,000 or less**

Source: IBON computations on data from PSA,
Forbes, Credit Suisse Global Wealth Databook

Eased transactions (*Tsang/ AMRO blog*)

- Digital banks for easier payments, lending, banking, insurance
- Quick access to health, education, housing, services
- Easier communication with utility service providers

Online transaction challenges

- Lack or absence of high-speed internet in most rural and remote areas (number of internet users up from 64 million to 69 million from 2022-2023; 57th in speed today worldwide from slowest in 2015; global internet ranks 87th)
- VAT on all digital service transactions burdensome
- Lack of regulation for rising AI, IOT, big data

Online transaction challenges

- Cyber insecurity vs threats and vulnerabilities
 - PH second most-attacked nation in 2022, 16 billion attacks in 2023,
 - 45th of 175 countries on 2023 National Cybersecurity Index of eGov Academy
 - 97% of survey respondents still scammed despite SIM card registration
 - Big incidences of data privacy loss, lack of election transparency (2022 elections)
- As online shoppers - prank deliveries, poor quality, scammers
- As digital creator, uncompensated, unprotected
- Lack of digital literacy

Moving forward

- More government infrastructure for digitization
- Strengthen regulatory framework and nationalization to ensure access and affordability
- Consumer advocacy: truth tell, lobby, propose alternatives; push for People Economics for digitization to not only facilitate 'economic growth' but truly strong public infrastructure that caters to people's and nation's needs

