

STRATBASE ALBERT DEL ROSARIO INSTITUTE



Digital Readiness for Banking Frontliners

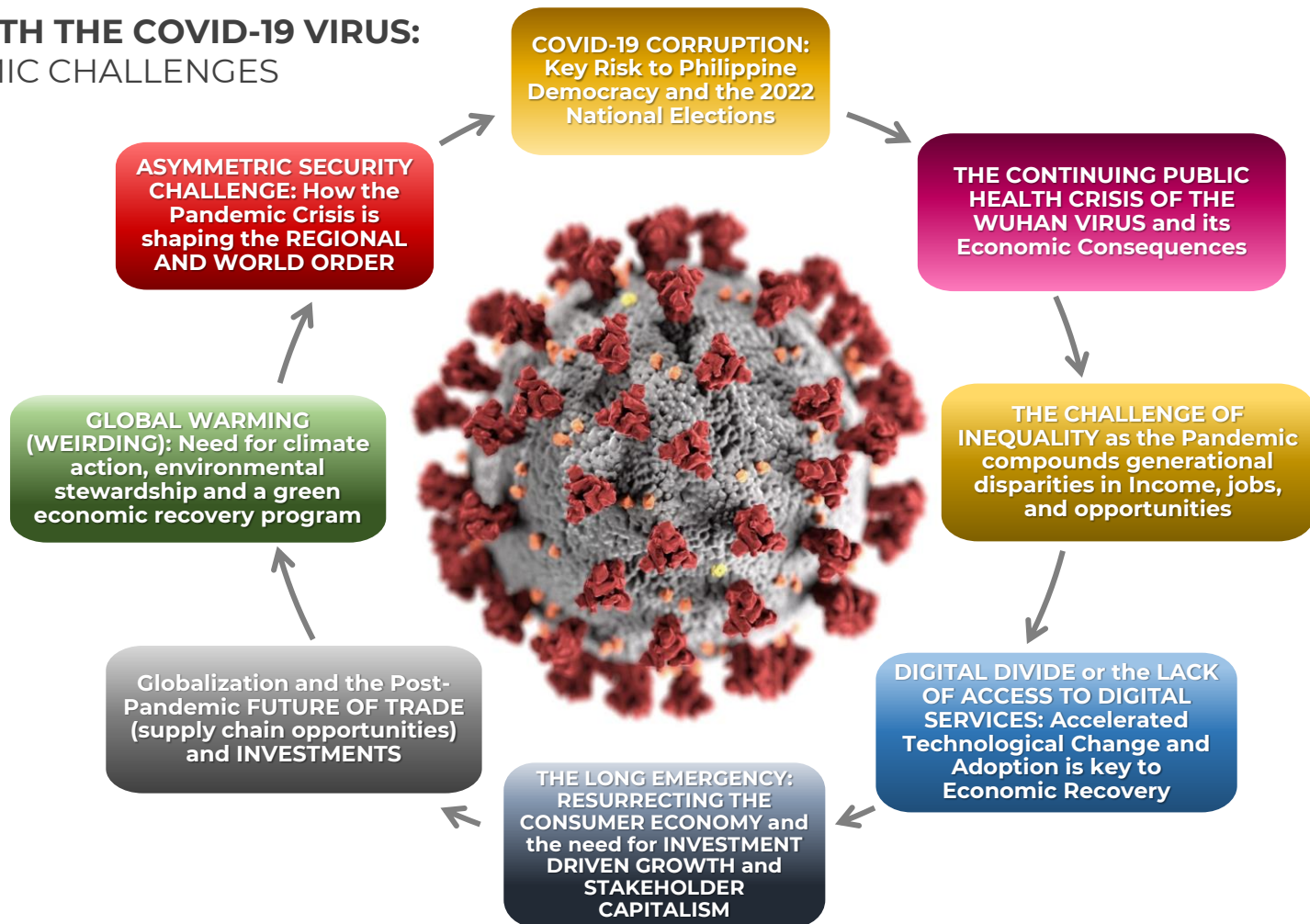
24 FEB 2022

9:00 AM – 11:00 AM PHT

Virtual Townhall Discussion

Recognizing digital readiness for both the public and private sector hinges on structural and policy reform, organizational culture, and practical and operational knowledge

LIVING WITH THE COVID-19 VIRUS: 8 PANDEMIC CHALLENGES



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TEST STATEMENT: "The benefits of digital technology such as strong cell phone signals, fast e-banking and social media can greatly help create jobs and businesses," OCT 2021

	<u>Agree</u>	<u>Undecided</u>	<u>Disagree</u>	<u>Net*</u>
Philippines	89%	8%	3%	+87
NCR	94	4	2	+92
Balance Luzon	89	7	4	+85
Visayas	88	9	3	+85
Mindanao	89	10	1	+88
Urban	91	6	3	+88
Rural	88	10	2	+86
18-24	95	3	2	+92
25-34	95	5	0	+95
35-44	93	4	3	+91
45-54	86	8	6	+80
55 and above	83	14	3	+80
None/Up to some Elementary	82	16	3	+79
Elem grad/Some JHS	86	9	4	+82
JHS grad/Voc/some College	92	6	2	+90
College grad/Post graduate	94	5	1	+94

* Net figures (% Agree minus % Disagree), correctly rounded

OCTOBER 20-23, 2021

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TEST STATEMENT: "Government should build, upgrade and extensively expand the country's digital infrastructure to improve speed, reliability and access to the internet nationwide," OCT 2021

	<u>Agree</u>	<u>Undecided</u>	<u>Disagree</u>	<u>Net*</u>
Philippines	92%	6%	2%	+89
NCR	94	4	2	+92
Balance Luzon	93	5	3	+90
Visayas	90	7	3	+87
Mindanao	90	9	1	+89
Urban	93	5	2	+90
Rural	91	7	2	+89
18-24	94	5	1	+94
25-34	92	6	1	+91
35-44	94	5	1	+93
45-54	94	4	2	+92
55 and above	87	8	4	+83
None/Up to some Elementary	84	13	3	+82
Elem grad/Some JHS	91	6	3	+88
JHS grad/Voc/some College	94	4	2	+92
College grad/Post graduate	92	6	2	+90

* Net figures (% Agree minus % Disagree), correctly rounded

OCTOBER 20-23, 2021

Growth of the Digital Economy

Philippines

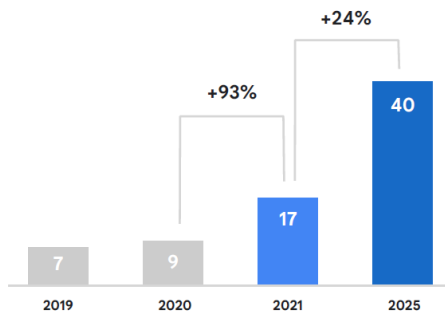


2021 internet economy doubles to \$17B, driven by government initiatives and mass digital adoption due to the pandemic

Source: Bain analysis.

Internet economy by GMV (\$B)

— CAGR



Google TEMASEK BAIN & COMPANY

The pandemic catalyzed the growth of the digital economy. The digital economy doubled in size and introduced 12 million new digital consumers.

The Philippines has the fastest growing digital economy in South-East Asia, with a projected valuation of US\$40 billion by 2025.

Source: [e-Conomy SEA 2021 Report, Google, Temasek and Bain & Company](#)

Growth of the Digital Economy

Digital platforms

39%

believe that they would **not have survived the pandemic** if not for digital platforms

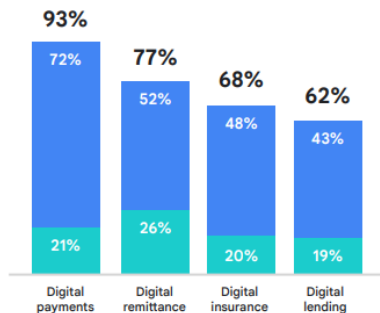
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average number of digital platforms used to access consumer demand online

Digital financial services

% of digital merchants likely to increase or maintain usage of digital financial services in the next 1 to 2 years

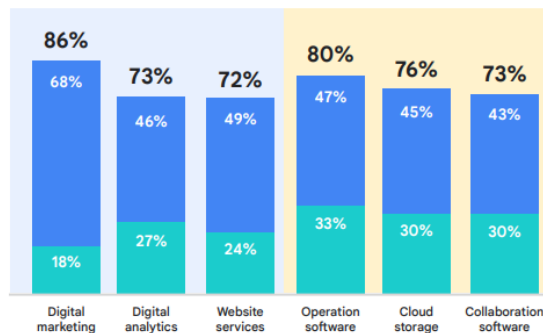
● Likely to increase usage ● Likely to maintain same usage



Digital tools

% of digital merchants likely to increase or maintain usage of digital tools over the next 5 years

● Likely to increase usage ● Likely to maintain same usage



Businesses are increasingly using digital platforms and will continue to do so in the future. The majority of digital merchants are likely to increase their usage of digital financial services or digital tools.

Digital Platforms have made businesses more resilient to the pandemic.

Source: Google-commissioned Dynata SEA-6 Digital Merchant Survey 2021.

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Source: [e-Conomy SEA 2021 Report](#), Google, Temasek and Bain & Company

Table 4
INTERNET USE
June and September 2021 / Philippines
(In Percent)

Base: Total Interviews									
Do you use or access the internet or not?	RP	LOCATION				CLASS			
		NCR	BL	VIS	MIN	ABC	D	E	
Yes	Sep '21*	63	84	65	62	47	71	64	52
	Jun '21*	63	86	58	64	60	81	62	57
	Change**	0	- 2	+ 7	- 2	- 13	- 10	+ 2	- 5
No	Sep '21*	37	16	35	38	53	29	36	48
	Jun '21*	37	14	42	36	40	19	38	43
	Change**	0	+ 2	- 7	+ 2	+13	+10	- 2	+ 5

* UB June and September 2021 (PR1&2)

**Change = Figures of September 2021 minus Figures of June 2021.

Q. Kayo po ba ay gumagamit ng internet o hindi?

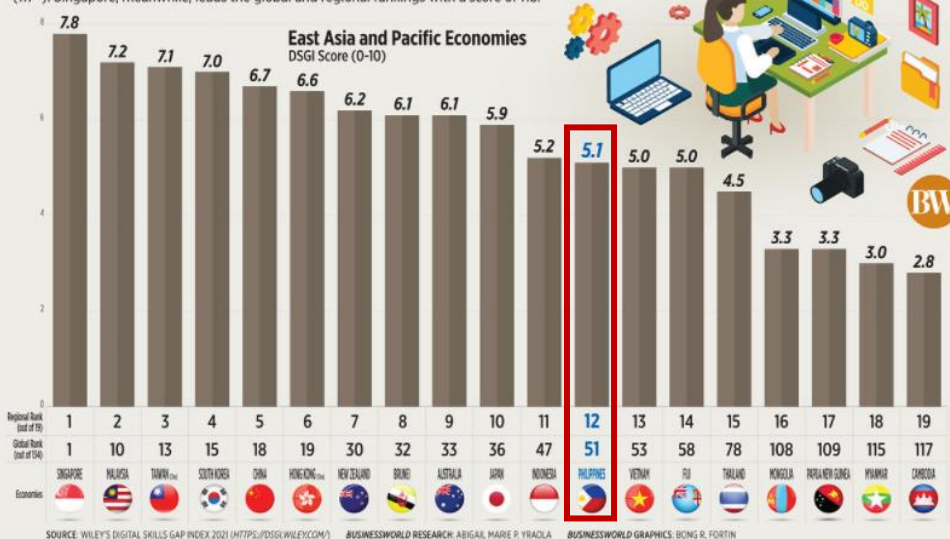
While digital transformation has added resilience, flexibility, and adaptability to the economy, it is not without its challenges. Among them is the “digital divide”, or the unequal access and use of digital tools and services.

Only 63% of the country's adult population use the internet according to a Pulse Asia survey. Moreover, internet use is not distributed evenly, with the National Capital Region (NCR) recording 84%, the rest of Luzon at 65%, the Visayas with 62%, and Mindanao with 47%.

Challenges: Digital Skills

PHILIPPINES PLACES 51ST IN DIGITAL SKILLS GAP RANKING

This infographic shows the results of the inaugural Digital Skills Gap Index (DSGI) 2021 by multinational publishing company Wiley which identifies and evaluates the factors that underpin the pillars of digital strength, resilience, and responsiveness. The index — scored from 0 (biggest digital skills gap) to 10 (smallest digital skills gap) — evaluates 134 economies based on six pillars* derived from global indicators which reflect how advanced and prepared an economy is with digital skills it needs for sustained growth, recovery, and prosperity. Among the 19 East Asia and Pacific economies, the Philippines ranks 12th (51st overall), only ahead of its Southeast Asian peers Vietnam (53rd overall), Thailand (78th), Myanmar (115th), and Cambodia (117th). Singapore, meanwhile, leads the global and regional rankings with a score of 7.8.



Philippines Pillar Performance

Pillar	Score (0-10)
Digital Skills Institutions	5.6
Digital Responsiveness	4.9
Government Support	4.6
Supply, Demand & Competitiveness	6.0
Data Ethics & Integrity	5.3
Research Intensity	3.0

Top 5 Economies

Economy	Global Rank (out of 134)	DSGI Score (0-10)
Singapore	1	7.8
United Arab Emirates	2	7.5
Finland	3	7.5
Qatar	4	7.3
Sweden	5	7.3

Bottom 5 Economies

Economy	Global Rank (out of 134)	DSGI Score (0-10)
Haiti	134	1.2
Mozambique	133	1.8
Chad	132	1.9
Yemen	131	2.1
Burundi	130	2.1

NOTES:

*The Digital Skills Gap Index 2021 (DSGI) — scored from 0 (biggest digital skills gap) to 10 (smallest digital skills gap) — is built on six pillars: Digital Skills Institutions; Digital Responsiveness; Government Support; Supply, Demand & Competitiveness; Data Ethics & Integrity; Research Intensity. Except for Pillar 6, Research Intensity, each pillar includes primary research inputs on the 21 Asia-Pacific Economies. Cooperation economies from Wiley's Digital Skills Gap Survey, and global secondary research indicators.

Pillar 1: Digital Skills Institutions — considers both core and higher-level digital skills, assessing institutions' accomplishments in this regard from an output perspective. Education and training availability and competencies further reflect an economy's institutional strengths.

Pillar 2: Digital Responsiveness — evaluates the responsiveness of skills development and education systems to shifting digital skills demands and employers' ever-evolving digital skills requirements.

Pillar 3: Government Support — acknowledges the role of government in bridging the digital gap through a deep understanding of, and commitment to, closing the digital skills gap.

Pillar 4: Supply, Demand & Competitiveness — solicits and combines several key indicators of the digital divide, the digital skills-employer job-mismatch, the STEM gender gap, the ease of finding/training staff and access to foreign talent to bridge the gap.

Pillar 5: Data Ethics & Integrity — includes issues around cybersecurity, are integral to sustained and sustainable digital development.

Pillar 6: Research Intensity — profiles academia's focus on digital subjects, examining the level of applied digital research is evident in local contexts.

Despite the growth of the digital economy, the Philippines still has a way to go in equipping Filipinos with adequate digital skills.

The Philippines ranks 12th out of the 19 East Asia and Pacific economies based on multiple factors that underpin digital skill levels. Weak and under-resourced education systems and worker resistance to reskilling and upskilling remain as significant challenges.

Source: [Digital Skills Index 2021, Wiley](https://dsgi.wiley.com/)

While the pandemic wreaked havoc on our health care systems, **the growth of the digital economy through e-commerce, fintech and digital banking has become the cure to many of our financial ailments.**

However, as the digitalization of finance has gained steam, it has also created a **digital divide where many frontline workers have been left behind** because of issues on access to internet connectivity and digital devices. Meanwhile, **frontline workers who have gone digital lack the readiness for optimal and safe use of digital technologies.**

Given these challenges, we must explore the best strategies to harness new financial technologies while mitigating risk in the **spirit of fostering a digital environment that empowers rather than divides.**

Through **collaboration between key stakeholders**, both in the public and private sector, digital transformation can benefit the financial industry immensely.

However, **we must recognize that digital transformation must be accompanied by digital readiness.** This hinges on structural and policy reform, organizational culture and above all, knowledge. This means giving workers access to new technologies and the right guidance to use them. Ultimately, it is important that we capitalize on the springboard that digital readiness can provide us to uplift Filipinos across all sectors of society.

Thank you!



ADR

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