

For Mr. Jimenez, electronic commerce (e-commerce) helped his business reach a wider customer base, saying their takeout and online sales grew sevenfold in 2020 from 2019. However, others were not so lucky as those not able to adapt either suspended operations or have closed permanently.

Still, the latest impact assessment survey conducted by the Department of Trade and Industry (DTI) showed a semblance of recovery from the height of the pandemic last year. From January to February 2021, 56.4% of micro, small, and medium enterprises (MSMEs) were fully operating whereas 39.3% were partially operating. This showed an improvement from over half of businesses either stopping or closing operations as of April last year.

**E-COMMERCE**

One of the key reasons that some firms were able to weather the pandemic was their ability to tap online platforms in their business.

This practice, commonly known as e-commerce, has come a long way from its origins around two

decades ago when local firms were reluctant to use the internet due to anxiety over the platform’s ability to deliver goods and services, as well as the lack of a legal framework and uncertainty over consumer sentiment.

Despite the 7.9% decline in household spending last year, data suggest e-commerce to have grown in the country during the same period. In a keynote speech in January, Trade Secretary Ramon M. Lopez said the number of online businesses increased to around 88,000 by the end of 2020 from 1,700 from January-March 2020. DTI also noted in an email to *BusinessWorld* that online business name registrations as of June 21 of this year has hit 568,053.

Furthermore, the e-Conomy SEA 2020 report by Google, Temasek and Bain & Company showed one out of three people are new to digital services in Southeast Asia due to the COVID-19 lockdowns. Among Filipino respondents, this number reached 37% -- above the regional average of 36%. Geographically, majority of the consumers new to digital services were located in non-metro locations. The same report showed around 95% of Filipinos who are considered new digital consumers intend to continue using digital services post COVID-19.

Data from HootSuite’s We Are Social report for the Philippines released in January 2021 show an estimated \$3.55-billion worth of business-to-consumer goods sold through e-commerce in 2020, up 42.5% from 2019.

Even though this growing trend of e-commerce is not entirely new, forecasts for the sector show its growing importance in the new normal. According to the DTI’s “e-Commerce Philippines Roadmap 2022,” the sector is estimated to

Percentage of the population aged 15 and up that reports owning or using each financial product or service	
FINANCIAL INCLUSION FACTORS	% OF ADULTS AGED 15 AND UP
Has an account with a financial institution	34.5
Has a credit card	1.9
Has a mobile money account*	4.5
Makes online purchases and/or pays bills online	9.9
Percentage of women with a credit card	1.4
Percentage of men with a credit card	2.5
Percentage of women making online transactions	11.5
Percentage of men making online transactions	8.2
Notes: - Data may not be directly comparable with figures published in previous reports. * Mobile money accounts only refer to services that store funds in an electronic wallet linked directly to a phone number (e.g. GCash). Figures for mobile money accounts do not include people who use “over-the-top” mobile payments services (e.g. Apple Pay, Google Pay, Samsung Pay, etc.)	
Source: World Bank Global Financial Inclusion Data (Cited in We Are Social and Hootsuite’s Digital 2021 report dated January 2021)	