Suspected fraudulent online transactions rose during Thanksgiving holiday

THE NUMBER of e-commerce transactions in the Philippines suspected to be fraudulent rose by 19% during the holiday shopping season.

At least 12.8% of e-commerce transactions in the country were suspected to be fraudulent during the Black Friday or Thanksgiving holiday period in the United States from Nov. 23 to 27, a study by TransUnion Philippines found.

This was higher than the 10.7% suspected fraudulent transactions seen during the rest of the year.

It was also higher than the 12.2% recorded in the same holiday period last year but lower than the 17.2% seen in 2021.

Black Friday is the day after Thanksgiving in the US. It has become a big retail event globally and is seen as the start of the holiday shopping season.

"Just as the holiday season drives consumers online to begin shopping for gifts for their loved ones, so does it become a destination for fraudsters seeking to take advantage of this time for their financial gain," TransUnion Philippines Chief Commercial Officer Yogesh Daware said.

"Online retailers must ensure that consumers shopping their sites for the best deals are at the same time protected from fraud in the most seamless and friction-right way possible," he added.

The report showed that highest digital fraud rate in the Philippines during this holiday period was recorded on Nov. 24 or Black Friday itself at 14.7% of transactions, followed by Nov. 23 or Thanksgiving Day at 13%. Meanwhile, Nov. 27 or Cyber Monday saw the third highest digital fraud rate at 12.5% of transactions, followed by Nov. 25 at 11.7% and Nov. 26 at 11.3%.

The strongest indicator of a fraudulent transaction was a high volume of activity coming from a single Internet Protocol address to a customer's site during a short period, TransUnion said.

An "unusual" volume of activity from a single device to a customer's site in a

short period was also a top indicator of a possible fraud attempt.

"The days leading up to the Christmas holidays mark the biggest shopping season of the year for retailers in the Philippines, but equipping themselves with the proper tools to detect fraud at the first warning sign is a year-round priority," Mr. Daware said.

"A critical way to minimize fraudulent transactions while at the same time protecting legitimate ones involves implementing holistic fraud solutions that can verify customer identity and authenticity at the very beginning of a transaction, including both account creation and login," he added.

TransUnion Philippines' Consumer Pulse Survey for the fourth quarter also found that 93% of Filipinos are extremely, very or moderately concerned about being victimized by online fraud during the holidays.

The Philippines recorded the highest percentage of consumers worried about fraud among the countries studied. It was followed by India at 88% and South Africa at 84%.

The survey was conducted from Sept. 25 to Oct. 18 among 13,706 adults living in the Philippines, Brazil, Canada, Chile, Colombia, the Dominican Republic, Guatemala, Hong Kong, India, South Africa, Spain, the United Kingdom, and the US. — AMCS

Agile regulation necessary amid firms' growing adoption of AI

By Miguel Hanz L. Antivola
Reporter

THE ADOPTION of artificial intelligence (AI) among Philippine organizations is expected to grow next year, prompting the need for focused and agile regulation amid privacy concerns, industry officials said.

"We've let the genie out of the bottle already, so it's going to be a matter of course," Peachy Pacquing, managing director at creative business school Hyper Island, told *BusinessWorld* on the sidelines of an event.

"Some industries are more prepared than others, but by and large, we're not prepared yet," she added. "We need to talk about it, and more than that, act on it."

Ronald B. Gustilo, national campaigner for Digital Pinoys, said AI adoption in the country is expected to increase next year amid continued infrastructure improvement, especially in the governance, healthcare, finance, and education sectors.

"This integration is poised to play a crucial role in advancing the nation's technological landscape," he added.

The Trade department earlier said that AI could contribute as

much as $90 billion to the Philippine economy by 2030.

International Data Corp. said the Philippines ranked 12th out of 14 economies in the Asia-Pacific region in terms of AI adoption for business and consumer transactions.

Meanwhile, a report released by technology firm Cisco this month said only 17% of Philippine organizations are ready to utilize and deploy AI, with the majority of them raising concerns about the impact of not adopting these advances.

It added that about 44% of Philippine organizations consider themselves chasers or are only moderately prepared, while 35% are followers with limited levels of preparedness and about 4% are laggards, or those not prepared to leverage AI at all.

A thoughtful and strategic approach is needed when adopting AI, Mr. Gustilo said.

"Leveraging insights from nations that have successfully implemented AI, nurturing public-private partnerships, and allocating resources to AI education are pivotal steps that can elevate the Philippines' standing in the region," he said.

"A focused strategy is imperative to navigate the diverse landscape of progress and ensure a seamless assimilation of AI ad-

vancements across different sectors," Mr. Gustilo added.

AI is still "very conceptual, unless it is being offered to the B2B (business-to-business) and corporate sector for execution," Donald Lim, chief innovation officer at holding company Udenna Corp., said in an interview.

"Once AI is [more] consumerized like ChatGPT, you'll see more and more discussions on the consumer segment," he said.

There are already some applications of AI in the Philippine setting, he said, like in call centers.

"If they call, track, or text you, you are already more known and targeted, which is why privacy becomes more important," he said.

Speed and scale should be taken into account by organizations and regulators when discussing AI, Mr. Lim said.

"Just make it open. Don't clock down when it shouldn't be. We really need AI to push us forward and move us onto the next level," he said.

Still, ethical considerations must precede all other considerations as the technology intersects with data privacy issues, Mr. Gustilo noted.

"Collaborating with industry experts, adhering to international standards, and maintaining policy adaptability to accommodate evolving AI technologies are indispensable elements for ensuring responsible AI use," he said.

"Striking a delicate balance between fostering innovation and implementing safeguards is paramount as the Philippines charts its course through the intricate terrain of artificial intelligence in 2024," he added.

Mr. Lim said the Philippines is far from being a leading producer of AI solutions in the region.

"We're not creators of technology or software solutions, but that's okay. We're not the creator of TikTok or Facebook, but we became the primary users of it globally," he added.

As for regulating the use of AI, there is a need to push against the narrative that policy will always trail behind technology, Ms. Pacquing noted.

"If you're a regulator or policy writer, you have every opportunity to be just as agile as a technologist... I only hear excuses. There must be speed, but very calculated intentional speed, in creating these policies," she said, citing Singapore, where she is based, as an example, noting that policies there related to technology evolve in real time.

"My fearless forecast is all bets are off... It really depends on us as individuals to say this is important and therefore, we will invest in and develop our ability to work alongside AI," Ms. Pacquing added.

How AI will change the way developers work

By Laurent Doguin

1. Investments in WebAssembly will continue to grow. While getting less attention next to the popular and trending large language models (LLMs), WebAssembly (WASM) is one to look out for. WASM is still evolving and has experienced recent advancements with companies continuing to invest in the future of this technology alongside the Bytecode Alliance.

WASM is making its way into databases, cloud platforms, edge devices, various SaaS technologies and more. Today, there are new technologies being developed to increase WASM interoperability, to create even more value around it. That said, as WASM continues to mature and more companies invest in this technology, we will see a usage increase both in and out of the browser, especially as new runtimes and compilers are developed.

2. Developers will brush up on their Python skills to keep up with LLMs. While it was fairly easy to skip the Kubernetes hype and other infrastructure-related trends,

AI and the focus on LLMs will be nearly impossible for developers to ignore.

For example, improving developer productivity is critical to the success of any technology organization. Each developer has different tasks, different stacks to work with and requires different things from various LLMs. As a result, developers will need to start fine-tuning LLMs to their specific needs, and Python is the default programming language to achieve that.

3. Generating code with artificial intelligence (AI) will be easily accessible through low-code/no-code. Everybody's talking about generative AI and LLMs and for good reason. However, there are still many unanswered questions about regulation, privacy, security, intellectual property and more.

Laurent Doguin is the director of developer relations and strategy at Couchbase, the cloud database platform company. Previously, he was a developer advocate at Couchbase where he focused on helping Java developers. Prior to Couchbase, Laurent held developer roles at Clever Cloud and Nuxeo.

OPINION

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Social enterprise measure hurdles House committee

A HOUSE of Representatives committee on Wednesday approved a bill that seeks to provide funding and support to social enterprises (SEs) geared towards reducing poverty.

"The bill provides the framework for the implementation of a national Poverty Reduction Through Social Entrepreneurship or the PRESENT program," Bukidnon Rep. Jose Manuel F. Alba told the House micro, small, and medium enterprises (MSMEs) committee.

"The bill also seeks to provide incentives and benefits to promote the growth of social enterprises," according to Mr. Alba, who headed the technical working group that fine-tuned the measure.

Under the bill, the PRESENT program will be incorporated as a strategy within the government's broader poverty-reduction efforts.

"As a poverty reduction strategy, social enterprises create social and economic value that benefits the poor as their primary stakeholders," Mr. Alba said.

Batangas Rep. Mario Vittorio A. Mariño, who also heads the trade and industry committee, proposed that social entrepreneurs be granted post-graduate scholarships under the bill.

SEs will also undergo capacity building under the proposed law, which will focus on social entrepreneurship development, institutional training, and human resource and skills training.

They must also be given training in business planning and advi-

sory services, the upgrading of accounting and auditing systems, and technical assistance in installing management and information systems.

SEs should also be guided on how to prepare market studies, achieve product competitiveness, and participate in business matching activities and trade fairs and missions.

Under the bill, SEs could qualify for hybrid financing, including grants or loans and other financial instruments.

Banks and other lending institutions are also encouraged to provide concessional financial packages and the Small Business Corp. will be required to offer loans to qualified SEs, according to a copy of the bill.

Financial sustainability will not be a prerequisite for an SE to avail of the incentives and benefits as long as it can present a "workable strategy to achieve financial sustainability over a reasonable period," it added.

The unnumbered substitute measure also seeks to create the Social Enterprise Guarantee Fund Pool, to which government-owned and -controlled corporations will contribute 5% of their budget surpluses within five years of the measure's enactment.

It also aims to expand the Micro Small Medium Enterprise Development Council under the Trade department to cover both MSMEs and social enterprises. It will be renamed the National Enterprise Development Council. — **Beatriz Marie D. Cruz**

FULL STORY

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World Bank expects developing countries' debt service bills to rise 10% in 2023-2024

DEBT service costs are expected to rise by an average of 10% for developing countries, which will take away needed funding for development programs, the World Bank said.

"In 2022, the latest year for which data are available, low- and middle-income countries paid a record $443.5 billion to service their external public and publicly guaranteed debt. In a time of pinched government budgets, these payments divert spending away from health, education, and other critical needs," it said in its International Debt Report.

"Debt service costs on public and publicly guaranteed debt are projected to grow by 10% for all developing countries over the 2023-24 period — and by nearly 40% for low-income countries," it added.

The World Bank said that debt repayments rose 5% for developing countries in 2022.

The Philippine external debt stock was $111.217 billion

in 2022. Long-term principal payments were at $5.671 billion with interest payments of $3.278 billion.

"Record debt levels and high interest rates have set many countries on a path to crisis. Every quarter that interest rates stay high results in more developing countries becoming distressed — and facing the difficult choice of servicing their public debts or investing in public health, education, and infrastructure," Indermit Gill, the World Bank Group's chief economist and senior vice-president, said.

In the Philippines, the Bangko Sentral ng Pilipinas kept the benchmark rate at a 16-year high 6.5% at its November meeting. The central bank has raised rates by 450 basis points since May 2022.

"The situation warrants quick and coordinated action by debtor governments, private and official creditors, and multilateral financial institutions —

more transparency, better debt sustainability tools, and swifter restructuring arrangements. The alternative is another lost decade," Mr. Gill added.

The bank said that in the last three years, there have been 18 sovereign defaults in 10 developing countries. Around 60% of low-income countries are also at "high risk of debt distress or already in it."

"Interest payments consume an increasingly large share of low-income countries' export (receipts). More than a third of their external debt, moreover, involves variable interest rates that could rise suddenly," it said.

"Many of these countries face an additional burden: the accumulated principal, interest, and fees they incurred for the privilege of debt-service suspension under the G20's Debt Service Suspension Initiative (DSSI). The stronger dollar is adding to their difficulties, making it even more expensive for countries

to make payments. Under the circumstances, a further rise in interest rates or a sharp drop in export earnings could push them over the edge," it added.

New financing options are also becoming increasingly slim. Last year, new external loan commitments to public and publicly guaranteed entities declined 23%.

"Countries eligible to borrow from the International Development Association (IDA) are likely to face a rough ride in the coming years: interest payments on their total external debt stock have quadrupled since 2012, to an all-time high of $23.6 billion," the World Bank said.

"These payments are consuming an ever-larger share of export revenue, putting some countries just one shock away from a debt crisis. More than a third of this debt involves variable interest rates that could rise suddenly," it added. — **Luisa Maria Jacinta C. Jocson**

Livestock program to fund breeder-animal imports

THE Department of Agriculture (DA) said that it is set to import breeding animals from the US and Australia to improve and expand the livestock herd.

Special Order No. 1481, signed by Agriculture Secretary Francisco Tiu Laurel, Jr., said that the procurement exercise will be led by a selection team from the

Bureau of Animal Industry and funded by the National Livestock Program.

In the third quarter, the hog population was 9.86 million head, while cattle numbered 2.59 million, according to the Philippine Statistics Authority.

The DA said that the team will be in charge of animal selection

to determine fitness for breeding, and witness the weighing and eartagging of the animals.

They will also verify that the animals shipped from both countries are those that they evaluated when they enter quarantine in the Philippines.

"This Special Order shall remain in force until the culmina-

tion of the selection period for the animals," the DA said.

The DA has allocated about P4.35 billion for the National Livestock Program in 2024.

The DA has set a goal of increasing livestock production by five times over the next five years, in order to minimize imports. — **Adrian H. Halili**