

Oxford Economics,  
from S1/1

However, some economists called for a larger 50-bp hike, noting that underlying price pressures as seen in the faster core inflation in May warrant more aggressive action from the BSP.

GlobalSource Partners Principal Advisor Diwa C. Guinigundo noted that the toss-up between a 25- or 50-bp hike points to the BSP's dilemma of how it can ensure price stability while avoiding further harm to economic growth.

"A 50-bp increase would signal the BSP's determination to remain ahead of the inflation curve," Mr. Guinigundo, a former BSP deputy governor, said. "At the same time, such a move could be interpreted as an implicit acknowledgment that policy tightening should have begun earlier."

The economy slumped to a new post-pandemic low growth of 2.8% in the first quarter as oil shocks reinforced the lingering effects of last year's flood control mess.

Still, Mr. Guinigundo said broadening second-round price effects, expectations of inflation settling above the central bank's target over the next two years, and uncertainties surrounding the geopolitical environment and local politics may justify a hawkish BSP.

"Most importantly, inflation expectations appear increasingly vulnerable. Surveys of economists and market analysts continue to point to elevated inflation over the next two years," he said.

"Once inflation expectations become unanchored, restoring confidence often requires substantially more aggressive policy action. This places a premium on maintaining the BSP's credibility today," he added.

Others have argued that this week's widely anticipated policy adjustment could be the last as inflation risks will likely continue to subside following the US and Iran's deal to end the over three-month long war.

Inflation came in weaker than expected at 6.8% in May after food and transport costs cooled during the month. This was slower than the 7.2% in April but still marked the third month in a row

that the headline print was above the BSP's target.

Core inflation, on the other hand, overshot the target for the first time in over two years after picking up to 4.1% last month from 3.9% April.

The central bank earlier opened the door for a stronger policy response as it vowed to steer inflation back to its target and prevent elevated inflation expectations from becoming entrenched.

It sees inflation averaging 6.3% this year, before cooling to 4.3% next year.

For Oxford Economics' Ms. Loo, the BSP should deliver a total of 75 bps more in rate increases this year as the US-Iran pact remains fragile and the country's exposure to global uncertainty risks.

If realized, this would bring the key policy rate to 5.25% by yearend.

"Central banks could therefore be encouraged to hike now because the currency and imported inflation costs of inaction are immediate," Ms. Loo said. "Also, the costs to credibility from perceived inaction build up non-linearly over time. But it also means the cost of those hikes on the macro economy will show up later in the investment cycle."

However, Mr. Guinigundo said the BSP's policy signals would be more important than the size of its expected hike, with a firm commitment to bringing inflation back to its target seen to help preserve its credibility.

The former central banker said the BSP must ensure that households, businesses, and financial markets remain confident in its inflation-targeting framework to prevent spiraling inflation expectations.

"All up, therefore, the BSP's challenge is no longer merely to lower inflation. It is to preserve the credibility of the inflation-targeting framework itself," he said.

"Once expectations become unanchored, the economic cost of restoring price stability rises significantly. The current policy decision is therefore as much about managing expectations as it is about managing interest rates," he added.

After Thursday, the Monetary Board has three more policy reviews scheduled for Aug. 27, Oct. 22 and Dec. 17.

Double taxation,  
from S1/1

"I am really pushing for these DTAs almost as much as I am pushing for free trade agreements in countries that would benefit Philippine businesses," he added.

Sought for comment, Philippine Institute for Development Studies President Philip Arnold P. Tuano said the agreements "will certainly help."

"I think more and more we see investments coming from within the region. So, greater trade and investment links should also be in place," he said in a chance interview on Wednesday.

GLOBAL MINIMUM TAX

Separately, Mr. Go said the government is hoping Congress will pass

this year the legislation to implement the Organisation for Economic Co-operation and Development (OECD)-backed global minimum tax on large multinational companies.

"The members of Congress we have discussed this with are very supportive... I definitely want to pass the law this year so that we can join the program in 2027," he said.

If the law is passed this year, the Philippines can start collecting the global minimum tax rate by 2028.

Earlier, the Bureau of Internal Revenue (BIR) said it was preparing for the implementation of a proposed Qualified Domestic Minimum Top-up Tax law that will allow the country to collect the effective tax rate from multinational firms in the Philippines.

— **Justine Irish D. Tabile**

# AI era forces academe to revisit how to teach critical thinking

By Arjay L. Balinbin  
Associate Editor

MADRID — Artificial intelligence (AI) is forcing universities to confront a fundamental question: how do they teach students to think critically when machines can increasingly perform many of the tasks once used to develop those skills?

For Rafif Srour, dean of programs at IE School of Science & Technology in Madrid, Spain, the answer is not to resist AI, but to ensure that universities do not abandon the cognitive exercises that help students build analytical judgment, problem-solving skills, and independent thinking.

"The biggest mistake that can ever be made is to think that this tool can and should be used everywhere at the same time," Ms. Srour said in an interview with *BusinessWorld* on June 2 on the sidelines of South Summit Madrid 2026, co-organized by IE University.

Universities around the world are racing to integrate generative AI into classrooms, research, and administrative functions. While the technology can improve productivity and learning outcomes, she warned that overreliance on AI could deprive students of opportunities to develop essential intellectual skills.

One example is summarizing academic papers.

For generations, students and researchers spent hours reading studies, identifying key information, and synthesizing insights into concise summaries. Today,



STUDENTS gather inside a classroom at IE Tower in Madrid, Spain, on June 2. Rafif Srour, dean of IE School of Science and Technology, said universities must rethink how they develop critical-thinking and workplace skills as artificial intelligence reshapes education and the future of work.

large language models can perform the same task in seconds.

Ms. Srour said the concern is not whether AI can produce the outcome, but whether students still undergo the mental process required to arrive at it.

"Summary is not about the outcome," she said. "It's about the cognitive skills and the muscle that you build when you're doing this."

The exercise teaches students how to distinguish important information from noise, evaluate sources, and communicate ideas clearly, she said.

"If a generation never learns how to make a summary in their life, what do you think the impact would be on their cognitive development? Tremendous."

The challenge extends beyond writing and research.

Ms. Srour said AI has become increasingly capable of performing analytical tasks that were once considered core components of university training.

Programs such as data science traditionally teach students how to identify patterns, interpret data, and support decision-making.

Today, many of those functions can be executed by advanced AI systems within seconds.

The development does not make university education obsolete, she said. Instead, it requires institutions to rethink how they teach and what skills they prioritize.

"We should take from traditional education the depth, the technical core, the foundation," Ms. Srour said. "But you should start adding different layers on top of this traditional education to prepare the students for the future of work."

The schools most likely to succeed will be those that update their curricula while preserving the intellectual rigor that higher education has traditionally provided, she said.

Meanwhile, educational institutions that fail to evolve risk losing relevance.

"If you keep on resisting this and keep on teaching the same way that you've been teaching for the past 20, 50, or 100 years, what kind of minds are you developing?" Ms. Srour said.

The rapid pace of AI development is creating challenges not

only for universities but also for governments and regulatory institutions, she added.

"For the first time, it's changing at a rate that is much faster than our ability to cope as a society," Ms. Srour said.

She said educational systems, legal frameworks, and public institutions are all struggling to keep pace with technological change.

For emerging economies such as the Philippines, broad technology literacy should become a national priority, Ms. Srour said.

"If I had a role to play, I would make technology literacy mandatory."

Beyond AI literacy, governments should create safe and responsible environments where students, researchers, and entrepreneurs can experiment with emerging technologies.

Ms. Srour said the future of education will depend on whether institutions can strike a balance between embracing AI and preserving the human capabilities that machines cannot fully replicate.

"I think institutions are becoming more and more aware of the need to keep those skills and develop those skills. The question now is how do we teach our students those skills while at the same time adopting this technology?"

As AI becomes more embedded in classrooms and workplaces, universities may ultimately be judged not by how quickly they adopt the technology, but by whether they continue producing graduates capable of exercising judgment, creativity, and independent thought in a world increasingly shaped by intelligent machines, she added.

## Data governance concerns hamper AI adoption in PHL

MANY Philippine organizations lack the necessary data architecture to achieve returns on their growing investments in artificial intelligence (AI), highlighting the importance of data governance, according to a study commissioned by Omdia for Boomi.

The survey conducted by Omdia for Boomi showed that 73% of Philippine organizations are already running AI initiatives, with nine of 10 saying they expect AI-enabled automation to reshape their business processes within two to three years.

"There's a lot of excitement around AI in the Philippines right now, with many organizations clearly defining KPIs (key performance indicators) to measure success," said David Irecki, chief technology officer for Asia-Pacific and Japan at Boomi. "However, there is a need to reduce tool sprawl, improve governance, and connect data across the enterprise for those KPIs to translate into real business value."

The study found that 50% of Philippine organizations have defined KPIs to measure AI success. This is the highest rate among all surveyed markets and is well above the regional average of 37%.

Meanwhile, only half of Philippine enterprises have an integration platform-led approach, but 93% said they plan to shift toward a unified, enterprise AI-ready platform, while 92% are seeking opportunities to reduce tool and technology sprawl to manage cost, complexity, and operational risk.

However, they also recognize limitations in terms of data quality, according to the study.

While 97% of the surveyed companies said they expect AI initiatives to drive an increased focus on data quality and governance policies and approaches and 57% already have formal AI-specific data governance policies in place, nearly nine in 10 said unmanaged shadow integrations are already a challenge for data quality and confidence, Boomi said.

It added that 82% of the respondents expressed concerns about data residency and sovereignty requirements, but only 35% said those concerns are having a significant impact on their data integration or AI strategies.

This shows that many Philippine enterprises are still in the early stages of operational planning.

"Philippine organizations are not naive about the risks," Michael Barnes, chief analyst, Enterprise IT Asia at Omdia, said. "Most organizations recognize that governance is essential to scaling AI responsibly. However, the real challenge lies in moving from awareness to execution. Organizations that successfully operationalize AI governance are embedding clear policies, accountability, and oversight into everyday processes. And they're the ones most likely to realize measurable business value and stronger returns on their AI investments."

"As AI initiatives in the Philippines expand, the ability to connect data, applications, and processes across the enterprise becomes increasingly important. When scaled in silos, AI will continue to be disconnected from broader business outcomes. The solution to that is to reduce technology sprawl and move toward unified platforms," Mr. Irecki added.

The Omdia study commissioned by Boomi covered over 1,100 senior technology and business decision-makers in five countries across Asia-Pacific. — **Bettina V. Roc**

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