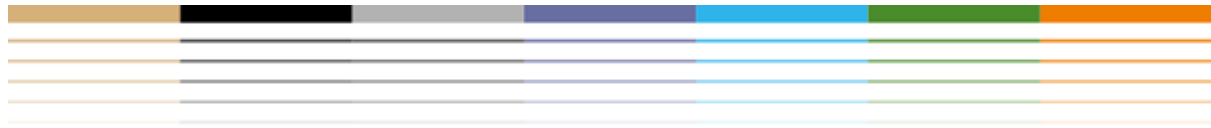


## The next great e-commerce opportunity is in the Philippines



# THE | PAYPERS

**Suan sheet**, Asia Head **dLocal** Learn more about why markets with few banks like the Philippines represent such a great opportunity for e-commerce

Southeast Asia has emerged as a very fast-growing market for e-commerce, with economies trading reaching US \$ 26 billion in 2019. Report by S & P Global Market Intelligence Published earlier this year. Still, the Philippines, which continues to function primarily as a cash-based society, remains outliers in the region (not included in S & P figures) and is about to enter new markets in e-commerce and payments. It provides companies with attractive opportunities.

### Current landscape

One of the biggest challenges facing the country is that despite technological advances, more than 51 million adults, or 71% of the adult population, Without being deposited in the bank.. That doesn't mean there is no transition to mobile and electronic payments. A comprehensive initiative to invest in technology and prioritize e-commerce was initiated by the government to improve financial inclusion and overcome the logistical challenges created by the country's unique geography of more than 7,500 islands. ..

And even before this government initiative, Filipino consumers were beginning to use electronic payments. GCash and Paymaya, along with Alipay and Grab, are the most popular digital wallets in the United States. Consumers use these wallets for small items such as subscription bill payments, but more rural citizens also buy groceries and other necessities through these wallets. Notably, the number of active emony wallets quadrupled from 2017 to 2019 to 8.8 million. That said, despite the ever-increasing number of emodies transactions in the Philippines, e-commerce merchants need to be flexible in accepting payments and may need to consider them. Cash on delivery (COD) service to expand your reach.

### Challenges during play

As the country with the highest e-commerce COD acceptance in Southeast Asia, cash is rooted in Filipino culture. COD is typically offered by social commerce sellers and new merchants who have not yet gained the trust of consumers.

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These merchant types are likely to use a money-back guarantee policy to provide COD to their customers and use these methods to differentiate themselves in the market, gain trust and build loyalty.

If cash is still the king, global e-commerce merchants face three challenges. It's important to remember that COD carries risks and potential fraud, as well as denial of delivery, which can be costly for sellers who do not have the proper means. The process returns. At the same time, as Filipinos embrace money and payment infrastructure begins to change, emerging economies still need to find ways to integrate cash into payment services. And they need to understand that citizens are unfamiliar with new payment technologies and reluctant to let go of cash payments can slow progress.

Logistics problems are also occurring in countries where it takes more than a week for goods to arrive after a transaction is made. Consumers are required to pay a 10% deposit at the time of ordering and the remaining balance must be paid when the goods arrive. The pre-approved transaction is valid for 14 days. These factors often force merchants to accept multiple payments in a single order.

Infrastructure changes can mitigate problems in the long run, but can increase problems in the short run. Interoperability of payments with different payment methods can be time consuming. Initially, this interbank network supports participating banks, but not. The ewallet player, as is often seen in various markets.

That said, the government of the country encourages local businesses through subsidies, and those who are willing to adopt such payment techniques may also benefit from tax cuts and exemptions. Such remedies are beneficial because Filipino SMEs often struggle to pay local business taxes and therefore stop opening bank accounts for themselves.

## **Future**

Digital payments are gradually being adopted in the Philippines, and it is time for e-commerce merchants to step up their acceptance measures. E-commerce merchants currently doing or seeking to do business in the country have the opportunity to take advantage of this shift by working with third parties who have a deep understanding of the market. The ability to accept a variety of payment options, including cash, will help e-commerce merchants succeed in the Philippines and open up more opportunities in Southeast Asia.

## **About Sue-AnnSeet**

Sue-Ann Seet is responsible for dLocal's Asia expansion and is responsible for developing strategic expansion plans for operations in this key region. Prior to dLocal, he was the leader of the payments management team at Wise (formerly Transferwise), helping to start accepting 16 currencies in the Asian region. At the same time, she introduced an efficient process that enables product scalability, crisis management resolution, training, and onboarding. Sue-Ann holds a Master's degree in IT in Business from Singapore Management University. He also holds a bachelor's degree in social sciences from the National University of Singapore.

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**About dLocal**



dLocal Strengthen local payments in emerging markets, connecting global corporate merchants with billions of emerging market consumers in 29 countries in APAC, the Middle East, Latin America and Africa. With the concept of “Oned Local”, global companies manage individual payment and payment processors, set up numerous local entities, and receive and pay payments without integrating multiple acquirers and payment methods in each market. Can be sent to settle funds globally.

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