



## Manila, Philippines

20 April 2021

### **CPA Australia: Dynamic Filipino small businesses may be weighed down by financing difficulties**

- Filipino small businesses made greater use of digital technologies in 2020.
- Difficulty accessing finance may act as a brake on small business growth in 2021.
- A young workforce and strong focus on innovation will boost small business momentum.

Small businesses in the Philippines significantly increased their use of online payment technologies and sales in 2020. However, difficulty accessing external finance may hamper their growth prospects in 2021, according to CPA Australia's 2020-21 Asia-Pacific Small Business Survey.

The survey canvassed 4,227 small businesses in 11 markets across the Asia-Pacific region, including Australia, Mainland China, Malaysia and Vietnam. Three hundred Filipino small businesses took part.

More than half (58 per cent) of Filipino respondents reported being negatively impacted by COVID-19. However, 46 per cent say they have already recovered or expect to recover in 2021. Sixty-two per cent of small businesses grew in 2020.

"The survey shows that small businesses in the Philippines are eager to innovate and engage with customers through social media. A vibrant and youthful workforce together with growing domestic demand supported the sector in 2020," said Mark Chau, Regional General Manager of Business Development International at CPA Australia.

"Pending the effectiveness of the rollout of COVID-19 vaccinations and the control of COVID-19 cases, the dynamism of Filipino small businesses should help drive an economic rebound this year as restrictions are gradually eased and global economic activity returns to normal," Chau said.

Filipino small businesses made greater use of digital technologies in 2020 as the pandemic accelerated the use of e-commerce. Twenty-seven per cent of Filipino small businesses reported that they began or increased their focus on online sales in response to COVID-19.

Sixty-one per cent of respondents received more than 10 per cent of sales from digital or online payment technologies such as GCash, DragonPay and PesoPay, up from 47 per cent in 2019. Sixty-two per cent of small businesses received more than 10 per cent of their revenue from online sales, up from 50 per cent in 2019.

"A re-opening of the economy in 2021 is likely to contribute to the continued expansion of e-commerce and digital transactions in the Philippines," said Chau.

Seventy-three per cent of Filipino small businesses expect to grow in 2021, with 52 per cent intending to increase employees. Twenty-two per cent anticipate that revenue from overseas markets will grow strongly. Thirty-one per cent say they will introduce a new product, process or service to the local or overseas markets, the second highest of the markets surveyed.

Nevertheless, cashflow difficulties are having a negative effect on some Filipino small businesses. Sixty-four per cent of respondents sought external funds last year; 43 per cent sought funds for business growth and 32 per cent sought funds for survival.



However, only 13 per cent of respondents found accessing external finance easy or very easy, the lowest of the markets surveyed. This may explain why respondents mainly sought funds from friends or family (21 per cent) or personal resources (21 per cent), compared to 15 per cent from a bank.

Only 16 per cent of Filipino small businesses expect accessing external finance to be easy or very easy in 2021, which is lower than the survey average of 28 per cent.

“Difficulties in accessing external finance may hinder business plans to hire more employees, invest in technology or expand to new markets. Small businesses in the Philippines should consider seeking professional advice to maximise their success in obtaining external finance,” Chau said.

CPA Australia recommends that Philippines small businesses consider the following actions to improve their recovery prospects:

- Seek advice from a trusted adviser to maximise success in obtaining external finance.
- Improve cashflow by collecting outstanding debts.
- Keep innovating products and services.
- Invest in staff training to improve their productivity.
- Invest in up-to-date devices and relevant technologies.

Download [CPA Australia Asia-Pacific Small Business Survey 2020-21](#)

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## CPA AUSTRALIA

### ASIA-PACIFIC SMALL BUSINESS SURVEY 2020-21

#### PHILIPPINES

#### SMALL BUSINESSES PERFORMANCE IN 2020

Philippines Survey average



#### ACCESS TO EXTERNAL FINANCE

required external funds in 2020

64%



13% found it easy or very easy to access external finance in 2020

43% sought external funds for business growth

32% sought external funds for business survival



#### BUSINESS OUTLOOK IN 2021

##### GROWTH

73%



expect to grow in 2021

##### EMPLOYEE NUMBERS

52%



expect to increase employee numbers

##### INNOVATION

31%



expect to introduce a new product / service / process unique to Philippines or the world

##### OVERSEAS REVENUE

22%



expect revenue from overseas markets will grow strongly in 2021

#### RECOMMENDATIONS FOR SMALL BUSINESSES



Pay attention to the cash flow and look for alternative financing sources



Invest in staff training to improve their productivity



Investing in up-to-date devices and relevant technologies