CPA AUSTRALIA ASIA-PACIFIC SMALL BUSINESS SURVEY 2024-2025

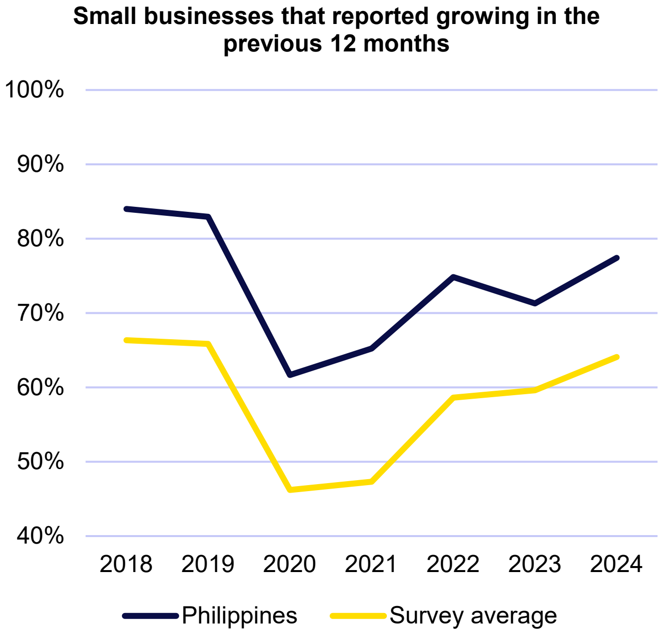
Philippines market summary

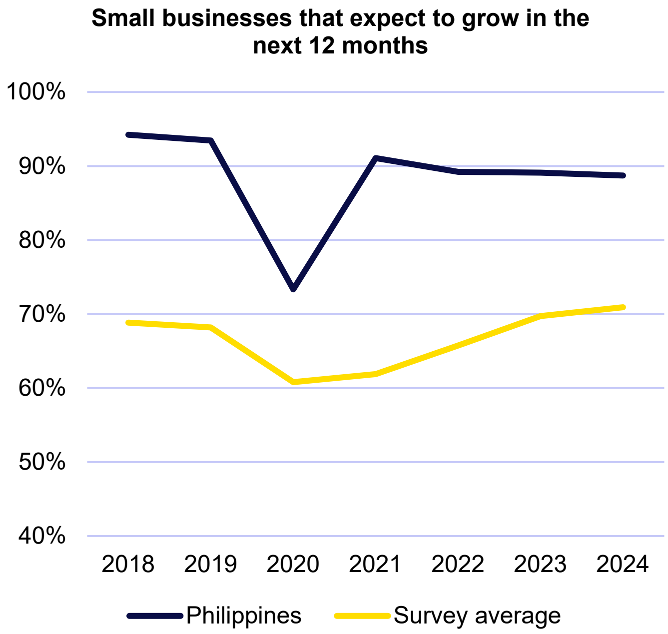
CPA AUSTRALIA

Key findings

- Filipino small business sentiment is improving. 2024 saw the highest number of growing Filipino small businesses since 2019. Expectations for 2025 remain positive
- Confidence in the Filipino economy is positive among small businesses in 2025, though slightly lower than 2024
- Filipino small businesses rank low in most technology adoption indicators, but those that invest in technology tend to see immediate profitability gains.
- Cybersecurity risks are relatively low in comparison to other Asian markets
- Business owners are focusing on improving customer satisfaction, which is a key driver of high-growth businesses
- Access to finance is a challenge, with Filipino small businesses the least likely to find it easy to access finance in 2024 – a trend expected to continue in 2025
- More globally focused than most other markets
- Nearly a third of Filipino small businesses say they will innovate in 2025
- Filipino small businesses show a strong commitment to ESG activities
- Business owners rely heavily on family and friends for advice and are least likely to reach out to IT consultants
- Filipino small business owners are most likely to have a considered approach to risk, with risk strategies and contingency plans
- Overall, business owners are satisfied with owning a small business
- The Philippines has one of the youngest small business owner and business age profiles among the surveyed markets.

Business and economic conditions





	Philippines 2024	Survey average 2024	Rank 2024	Philippines 2023	Rank 2023	Philippines 2022	Philippines 2021	Philippines 2020	Philippines 2019
Businesses that grew in the last 12 months	77.4%	64.1%	4/11	71.3%	4/11	74.8%	65.2%	61.7%	83.0%
Businesses that expect to grow in the next 12 months	88.7%	70.9%	2/11	89.1%	1/11	89.2%	91.1%	73.3%	93.4%
Businesses that expect the local economy to grow in the next 12 months	71.9%	66.9%	6/11	79.5%	3/11	78.1%	85.8%	66.7%	83.3%

2024 was a strong year for Filipino small businesses, with 77 per cent experiencing growth, up from 71 per cent in 2023. Among the 11 surveyed markets, they ranked fourth in terms of growth. Looking ahead, 2025 is expected to be particularly promising, with 89 per cent anticipating growth, the second highest result among all surveyed markets.

Key drivers of this positive outlook is the strong focus of Filipino small businesses on customer satisfaction, innovation and exporting - factors our survey show are closely associated with high growth businesses.

Another contributing factor is the relatively young age profile of small business owners. According to our survey, only 16 per cent of Filipino small business owners are aged 50 or over, compared to the survey average of 21 per cent. Our data shows younger owners are much more likely to run growing businesses that utilise technology such as e-commerce and social media. They are also much more likely to innovate and export.

Despite strong confidence in the Philippine economy, the percentage of small businesses expecting economic growth has declined from 80 per cent in the previous survey to 72 per cent for 2025.

Technology use

	Philippines 2024	Survey average 2024	Rank 2024	Philippines 2023	Rank 2023	Philippines 2022	Philippines 2021	Philippines 2020	Philippines 2019
More than 10 per cent of revenue came from online sales	62.3%	66.9%	9/11	60.7%	8/11	57.8%	50.3%	62.0%	49.8%
Did not use social media for business purposes	10.6%	12.8%	5/11	10.6%	8/11	9.8%	11.6%	9.3%	14.1%
Investment in technology by the business over the past 12 months has improved profitability	69.0%	55.6%	2/11	62.0%	5/11	69.9%	69.9%	55.7%	67.5%
Technology the business invested in most heavily over the past 12 months	Computer equipment	Computer equipment	N/A	Computer equipment	N/A	Mobile apps	Computer equipment	Computer equipment	Computer equipment
Consider the business likely to be cyberattacked in next 12 months	29.4%	40.7%	9/11	27.1%	9/11	26.8%	36.4%	29.0%	33.1%
Reviewed the business' cybersecurity protections in past six months	45.2%	50.8%	9/11	42.2%	9/11	47.7%	49.7%	38.7%	34.8%
Lost time and/or money due to a cybersecurity incident in the past 12 months	29.4%	39.6%	9/11	28.4%	9/11	N/A	N/A	N/A	N/A
More than 10 per cent of sales is received through digital payment options such as PayPal, Dragonpay, GCash, PayMaya, PayMongo	74.3%	75.1%	8/11	68.2%	7/11	69.9%	51.4%	61.3%	47.2%
Sought advice from IT consultants / specialists	13.2%	28.0%	11/11	18.5%	9/11	22.9%	16.9%	12.7%	N/A

While Filipino small businesses are relatively strong users of technology, they lag in most technology adoption indicators. For example, 62 per cent received more than 10 per cent of their revenue from online sales in 2024, below the survey average of 67 per cent..

Related to online sales, most Filipino small businesses offer digital and mobile payment options such as PayPal, GCash and Dragonpay. In 2024, 74 per cent received more than 10 per cent of their sales through such technologies, just below the survey average of 75 per cent.

Despite the widespread availability of digital payment options, cash remains important to most. In 2024, 78 per cent of Filipino small businesses received at least half of their sales in cash, the highest percentage among surveyed markets. This suggests that many business-to-business transactions were conducted in cash.

Social media plays a crucial role in Filipino small businesses, with only 11 per cent *not* using it. Additionally, 61 per cent leveraged social media to promote their businesses to potential customers.

While Filipino small businesses are somewhat behind their counterparts in other parts of Asia in utilising technology, they see quick returns when they do invest in technology. 70 per cent reported that their technology investments last year improved their profitability, surpassing the survey average of 56 per cent.

Lower technology adoption correlates with reduced cybersecurity risks. Only 29 per cent of Filipino small businesses experienced lost time or money due to a cyberattack in 2024, compared to survey average of 41 per cent. Similarly, just 27 per cent anticipate a cyberattack in 2025, below the 40 per cent survey average. Positively, 45 per cent reviewed their cybersecurity measures in the past six months.

Business activity over the past 12 months

	Philippines 2024	Survey average 2024	Rank 2024	Philippines 2023	Rank 2023	Philippines 2022	Philippines 2021	Philippines 2020	Philippines 2019
Increased employee numbers	41.0%	32.8%	5/11	36.3%	5/11	32.0%	41.4%	27.7%	39.0%
Improved customer satisfaction had a major positive impact on the business	37.4%	27.2%	2/11	38.3%	2/11	35.3%	30.5%	28.7%	40.7%
Improved business management had a major positive impact on the business	24.8%	23.4%	6/11	27.4%	5/11	28.8%	24.2%	18.7%	19.7%
Increasing costs had a major negative impact on the business	40.3%	38.1%	6/11	45.5%	4/11	39.9%	30.5%	26.0%	34.1%
Required funds from an external source	64.8%	66.4%	8/11	67.7%	6/11	62.4%	66.2%	64.0%	58.0%
Sought external funds for business growth	53.7%	56.0%	6/11	49.3%	5/11	59.2%	45.5%	43.2%	54.8%
Sought external funds for business survival	21.9%	38.6%	11/11	25.4%	10/11	35.1%	41.0%	32.3%	20.9%
Found it easy or very easy to access external finance	21.9%	41.7%	11/11	18.5%	11/11	24.6%	38.0%	13.0%	18.6%
A bank was the business' main source of external finance	22.4%	40.2%	11/11	24.9%	11/11	22.0%	13.0%	14.6%	28.8%
Did not spend any time and resources on ESG practices	11.0%	20.0%	8/11	13.2%	7/11	12.1%	N/A	N/A	N/A

Planned business activity over the next 12 months

	Philippines 2025	Survey average 2025	Rank 2025	Philippines 2024	Rank 2024	Philippines 2023	Philippines 2022	Philippines 2021	Philippines 2020
Expect to increase employee numbers	57.4%	44.8%	3/11	53.8%	2/11	57.8%	61.9%	52.3%	54.1%
Will introduce a new product, service or process unique to their market or the world	31.3%	26.5%	4/11	30.7%	6/11	35.3%	45.4%	31.3%	32.5%
Expect revenue from overseas markets to grow strongly	28.1%	19.4%	3/11	21.1%	5/11	26.5%	39.1%	22.0%	27.5%
Will seek external funds	22.3%	27.1%	8/11	25.1%	9/11	22.5%	33.4%	19.7%	18.7%
Expect easy to very easy access to finance	23.8%	38.2%	11/11	19.4%	11/11	22.7%	37.8%	16.3%	14.5%

Employment

Reflecting a strong 2024, the percentage of Filipino small businesses creating new jobs rose to 41 per cent, up from 36 per cent in 2023. Looking ahead, hiring sentiment remains positive, with 57 per cent expecting to expand their workforce in 2025.

Innovation

The Philippines small business sector is innovative, with 31 per cent saying they will introduce a new product, process or service to the country or the world in 2025. This ranks Filipino small businesses as the fourth most innovative among surveyed markets.

Access to finance

In 2024, 65 per cent of Filipino small businesses required external finance. Among them, 54 per cent sought finance for growth, while only 22 per cent needed it for survival, the lowest percentage among surveyed markets.

Despite improving business conditions, Filipino small businesses were the least likely to find accessing finance was “easy” or “very easy” in 2024, a challenge expected to persist in 2025.

Exports

Filipino small businesses are more internationally focused than most, with 28 per cent expecting strong growth in overseas sales revenue in 2025, above the survey average of 20 per cent, and up from 21 per cent in 2023.

Environmental, social, and governance (ESG)

ESG activities are a strong focus for Filipino small businesses, with only 11 per cent *not* spending any time or resources on ESG-related activities. The most common ESG-linked activities were staff health and safety policies and supply chain sustainability.

Factors that had positive and negative influences on business & Sources of advice

Top four factors that had a positive influence on Filipino small business in 2024	Top four factors that had a positive influence Filipino on small business in 2023	Top four factors that had a positive influence on Filipino small business in 2022	Top 4 source of advice for small business in 2024
Customer loyalty	Customer loyalty	Customer loyalty	Friends and family
Improved customer satisfaction	Improved customer satisfaction	Improved business strategy	Business partner or mentor
Good staff	Improved business strategy	Improved customer satisfaction	Marketing consultants
Improved business strategy	Good staff	Good staff	Business/management consultants

Top four factors that had a negative impact on Filipino small business in 2024	Top four factors that had a negative impact on Filipino small business in 2023	Top four factors that had a negative impact on Filipino small business in 2022
Increasing costs	Increasing costs	COVID-19
Increasing competition	Increasing competition	Increasing costs
Tax	Tax	Increasing competition
Cash flow difficulties	Cash flow difficulties	Tax

In 2024, Filipino small businesses placed a strong focus on customer loyalty and improved business satisfaction. This likely contributed to a successful year for many of the country's small businesses, as the survey results reveal that improving customer satisfaction is more closely associated with high growth businesses than most other factors.

The most significant barriers to growth for Filipino small businesses in 2024 were rising costs and increasing competition. The most burdensome costs were utility costs, materials and taxes.

Entrepreneurship

	Philippines 2024	Philippines 2023
Primary reason for starting their business	Be your own boss / independence	Be your own boss / independence
Biggest concern when first started a business	Finding and keeping customers Uncertainty whether your business will succeed^	Uncertainty whether your business will succeed
Most common attitude and approach to managing business risk of owner	Strategic risk manager	Strategic risk manager
Overall satisfaction from owning or operating small business	Satisfied	N/A

When starting their businesses, Filipino small business owners are, like their counterparts in most other surveyed markets, primarily motivated by the desire to be their own boss. The biggest concern when starting out was finding and keeping customers.

The higher tendency for Filipino small business owners to be strategic risk managers suggests they are more inclined to have a considered approach to risk, with risk strategies and contingency plans.

Demographics

	Philippines 2024	Survey average 2024	Rank 2024	Philippines 2023	Rank 2023	Philippines 2022	Philippines 2021	Philippines 2020	Philippines 2019
Respondent aged under 40	62.3%	50.5%	4/11	52.1%	5/11	56.5%	57.3%	69.3%	64.9%
Business established for less than 11 years	80.6%	66.1%	2/11	80.5%	2/11	82.7%	88.1%	82.0%	82.6%
Respondent is the business owner	62.9%	40.5%	3/11	65.0%	3/11	69.0%	61.9%	66.3%	69.5%
Business has 10 to 19 employees	29.0%	31.3%	7/11	23.4%	9/11	19.0%	31.8%	17.0%	22.0%

One advantage the Philippines enjoys is the high percentage of people under 40 who own or lead small business. The survey results show that businesses led by people in this age group are more likely to experience growth, engage in innovation, adopt emerging technologies and expand into new markets.