FINANCIAL INCLUSION IN THE PHILIPPINES

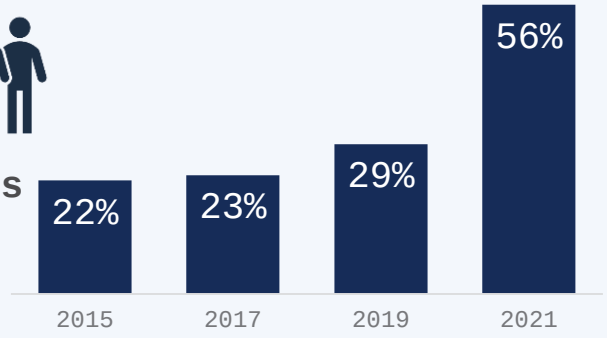
The Manila Times Economic Outlook Forum
21 February 2024

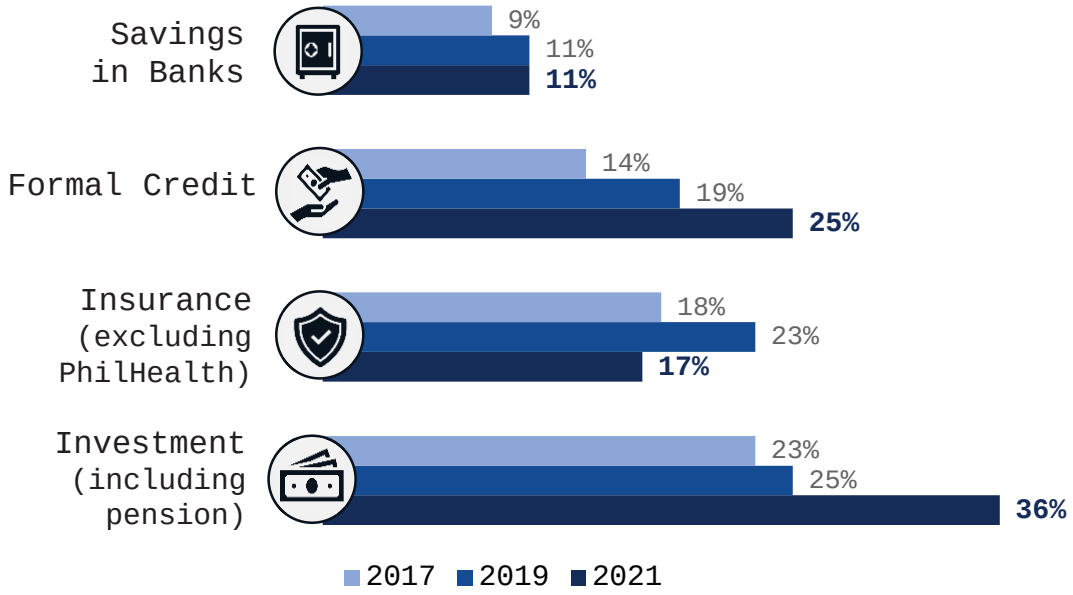
Current State of Financial Inclusion

Account Ownership

56%

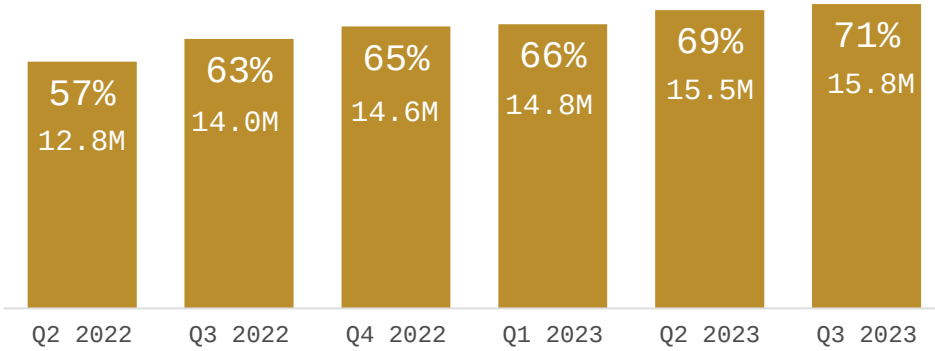
of **Filipino adults** have transaction accounts in 2021





Source: Financial Inclusion Survey, unless otherwise stated

Percentage of households with an account



71%

of **Filipino households** have an account as of Q3 2023

Source: Consumer Expectations Survey

Digital Finance

76%

of Filipino adults own a mobile phone and use the internet vs. **49% in 2019**



60%

of mobile phone and internet users had online financial transactions in vs. **11% in 2019**

Opportunity in Inclusive Digital Finance

High digital access

92%

of Filipino adults had a mobile phone
vs. 69% in 2019

77%

of Filipino adults had access to the internet
vs. 53% in 2019



Steady digital shift

28%

of remittance senders used electronic fund transfer
vs. 1% in 2019

18%

of payors of online purchases used cashless payments
vs. 1% in 2019

Opportunities for transaction account use cases

28%

of adults employed in the private sector received salary through an account
vs. 12% in 2019

11%

of cash assistance recipients received the assistance through their account

83%

of remittance recipients receive funds via OTC

Source: BSP 2021 Financial Inclusion Survey

Classification: GENERAL

Digitalization as enabler of greater financial inclusion

Democratized access to a transaction account



Basic Deposit Account

E-Money Account

Expansive network of low-cost touch points



Cash Agents

E-money Agents

Efficient retail payment system



NRPS (PESONet, InstaPay, eGov Pay, QR Ph)

Building inclusive digital finance ecosystems through…



A collaboration framework to promote cashless payments in public markets and local transport across the country

- LGUs
- Financial service providers
- DILG
- BSP

… and accelerate financial inclusion toward broad-based economic growth and resilience for all

Classification: GENERAL











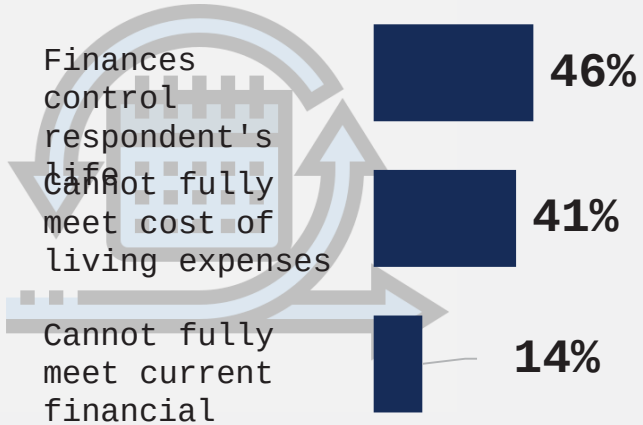


National Strategy for Financial Inclusion (NSFI) 2022-2028

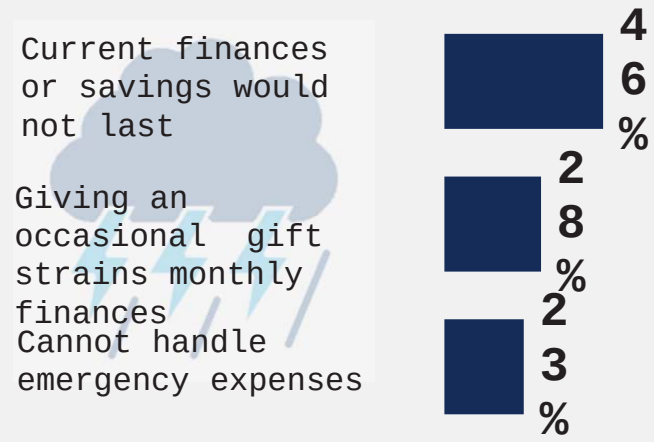
VISION: *Financial inclusion toward inclusive growth and financial resilience*

Beyond inclusion, an emerging challenge is financial resilience.

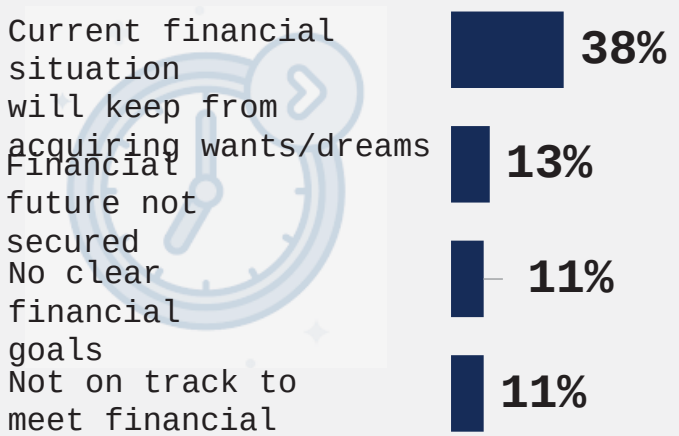
"EVERY DAY"



"RAINY DAY"



"ONE DAY"



Borrowing was the main coping mechanism of Filipinos across all financial needs…



Source: 2021 Financial Inclusion Survey



The NSFI 2022-2028
Overview of priority initiatives

Open Data and Movable Asset Finance

Open Data

Open data can unlock access to financial services through customer-permissioned sharing of financial and non-financial data

Movable Asset Finance

Movable Asset Finance secures the loan using non–real estate assets (such as machinery, accounts receivable, and inventory).

Movable assets often comprise an especially large share for micro, small and medium-size enterprises (MSMEs).

Classification: GENERAL

CONSUMER PROTECTION IN THE PHILIPPINE FINANCIAL SYSTEM

Overview of RA No. 11765 or FCPA

Milestone Dates

Enactment of FCPA
06 May 2022

Effectivity of FCPA
03 Jun 2022

Issuance of BSP Circular No. 1160
28 Nov 2022

Issuance of BSP Circular No. 1169
24 Mar 2023

*FCPA published on 19 May 2022; BSP Circular No. 1160 published on 05 December 2022

FCP Act Overview

FINANCIAL CONSUMER RIGHTS and FINANCIAL SERVICE PROVIDER RESPONSIBILITIES	Equitable and fair treatment Disclosure and transparency of financial products and services Protection of consumer assets against fraud and misuse Data privacy and protection Timely handling and redress of complaints
POWERS OF FINANCIAL REGULATORS	Consumer protection rulemaking Market conduct onsite and offsite supervision and examination Market surveillance and monitoring Provision of redress, including adjudication Enforcement actions Sanctions and penalties

BSP Circular No. 1160

Financial Consumer Protection Regulations

SCOPE

Applies to all financial products and services of all Bangko Sentral-Supervised Institutions (BSI)

REQUIREMENT

Requires BSIs to implement a Consumer Protection Risk Management System and Financial Consumer Protection Assistance Mechanism

RESPONSIBILITY

Assigns primary responsibility to BSI Board and Management to comply with FCPA and IRR

Consumer Protection Standards of Conduct

BSP Circular No. 1160

Disclosure and Transparency

Providing accurate, timely, and sufficient information in disclosures, establishing responsible pricing policies

Fair Treatment

Products and service are fair, without undue imbalance in rights and obligations

Protection of Client Information

Safeguarding information, addressing risks of unauthorized disclosure, providing accessibility to own information

Effective Recourse

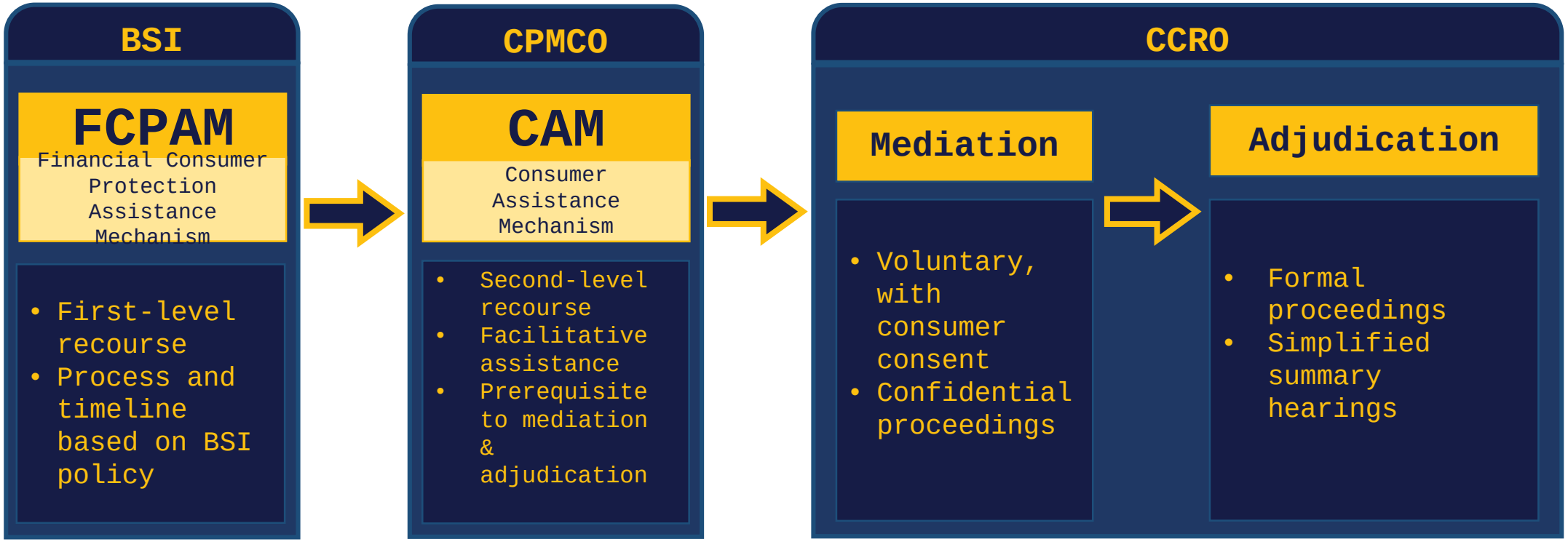
Deploying an active Financial Consumer Protection Assistance Mechanism (FCPAM)

Protection of Consumer Assets Against Fraud and Misuse

Providing necessary assistance and safeguards on concerns about unauthorized or fraudulent transactions

Consumer Redress Flow

BSP Circular No. 1169



Classification: GENERAL

More than a responsibility,

consumer protection is shared humanity.





THANK YOU!