Regulation in the Philippines:

Prospects, challenges, and comparative perspectives



Periods of Regulatory Reforms

1997
Asian Financial Crisis

2008 Global Financial Crisis

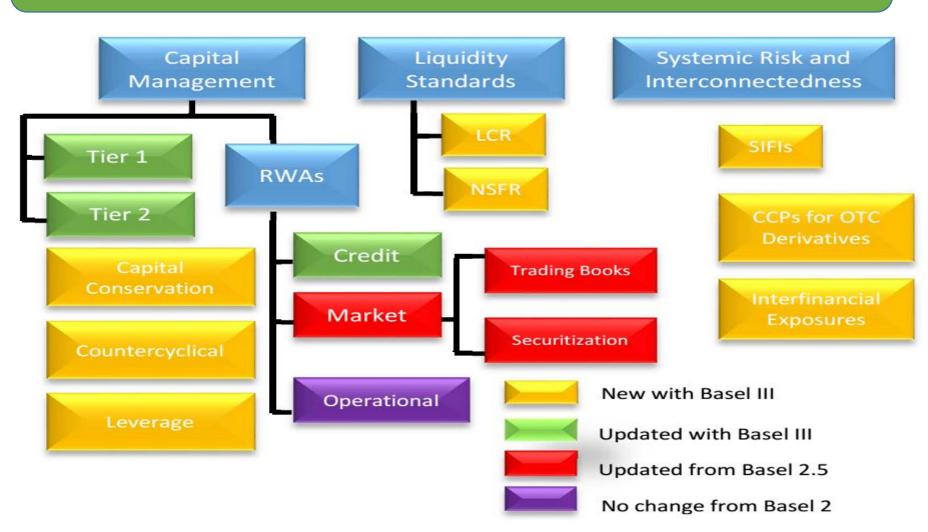
10 Years After

1997 Asian Financial Crisis

General Banking Law (GBL) of 2000

- Alignment of capital requirements with international standards
- Fit and proper requirements for the board of directors
- Rules on related party lending

2008 Global Financial Crisis Basel III



2008 Global Financial Crisis

Basel III

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Basel Reform/Standard	Regulatory Issuance/Status
With regulatory issuance	
Basel III Minimum Capital	Circular No. 781 dated 15 January 2013
Requirements and Capital	 Took effect on 01 January 2014
Conservation Buffer	
Domestic Systemically	Circular No. 856 dated 29 October
Important Banks	2014
	 Monitoring period from 1 July 2016 to 31 December 2017
	 Phased-in implementation starting
	1 January 2017, with full compliance
	on 1 January 2019
Leverage Ratio Framework,	Circular No. 881 dated 9 June 2015 and
including disclosure	Circular No. 954 dated 26 January 2017
requirements	Monitoring period extended until
	December 2017
	 Effectivity of the regulation will be
	finalized when the revisions to the
	international Basel III Leverage Ratio
	framework is issued by the BCBS
Liquidity Coverage Ratio (LCR)	Circular No. 905 dated 10 March 2016
Framework, including disclosure requirements	 Monitoring period until 31 December 2017
	 Phased in implementation starting
	1 January 2018, with full compliance
	on 1 January 2019
Complementary reform	
initiatives Risk Disclosure Requirements	Circular No. 786 dated 15 February
on Loss Absorbency Features	2013 and Circular No. 826 dated 14
of Capital Instruments	February 2014
Guidelines on Recovery Plan	Circular No. 904 dated 10 March 2016.
of a Domestic Systemically	First recovery plan submitted on 30
Important Bank (DSIB)	June 2016 as a supplement to the 2016
	ICAAP document which was submitted
_	last 16 March 2016.

2008 Global Financial Crisis Corporate Governance and Risk Management

Three-Phase Corporate Governance Reforms

• **First**: Fit and Proper Requirements

• **Second**: Checks and Balances Systems

• Third: Management of Key Risk Areas

(Includes the Guidelines in

Handling Related Party

Transactions)

2008 Global Financial Crisis
Changes in Supervision Perspective

Macroprudential perspective

Focus on conduct concerns

2008 Global Financial Crisis
Changes in Supervision Perspective

Macroprudential perspective

- Macroprudential tools and assessment
- Inter-agency coordination

2008 Global Financial Crisis Changes in Supervision Perspective

Focus on conduct concerns

- Inter-agency coordination
- Guidelines on treasury operations and sales practices
- Creation of Anti-Money Laundering specialist Group and Financial Consumer Protection Department

10 Years After the GFC

Conduct and culture issues

Digitization

Changing market behavior

10 Years After the GFC

Conduct and culture issues

- Changing business models
- Increasing competition
- Increasing cost of compliance

10 Years After the GFC

Digitization

- Providing alternative channels to reach the unserved and underserved market
- Promising efficiency at reduced costs
- Introducing new risks

10 Years After the GFC

Changing market behavior

- Reaction to changing business environment
- Search for higher yields
- Expectation of greater transparency