

18th Development Policy Research Month
“Bouncing Bank Together: Innovating Governance for the New Normal”
Virtual Forum to Kick Off the 18th DPRM
1 September 2020

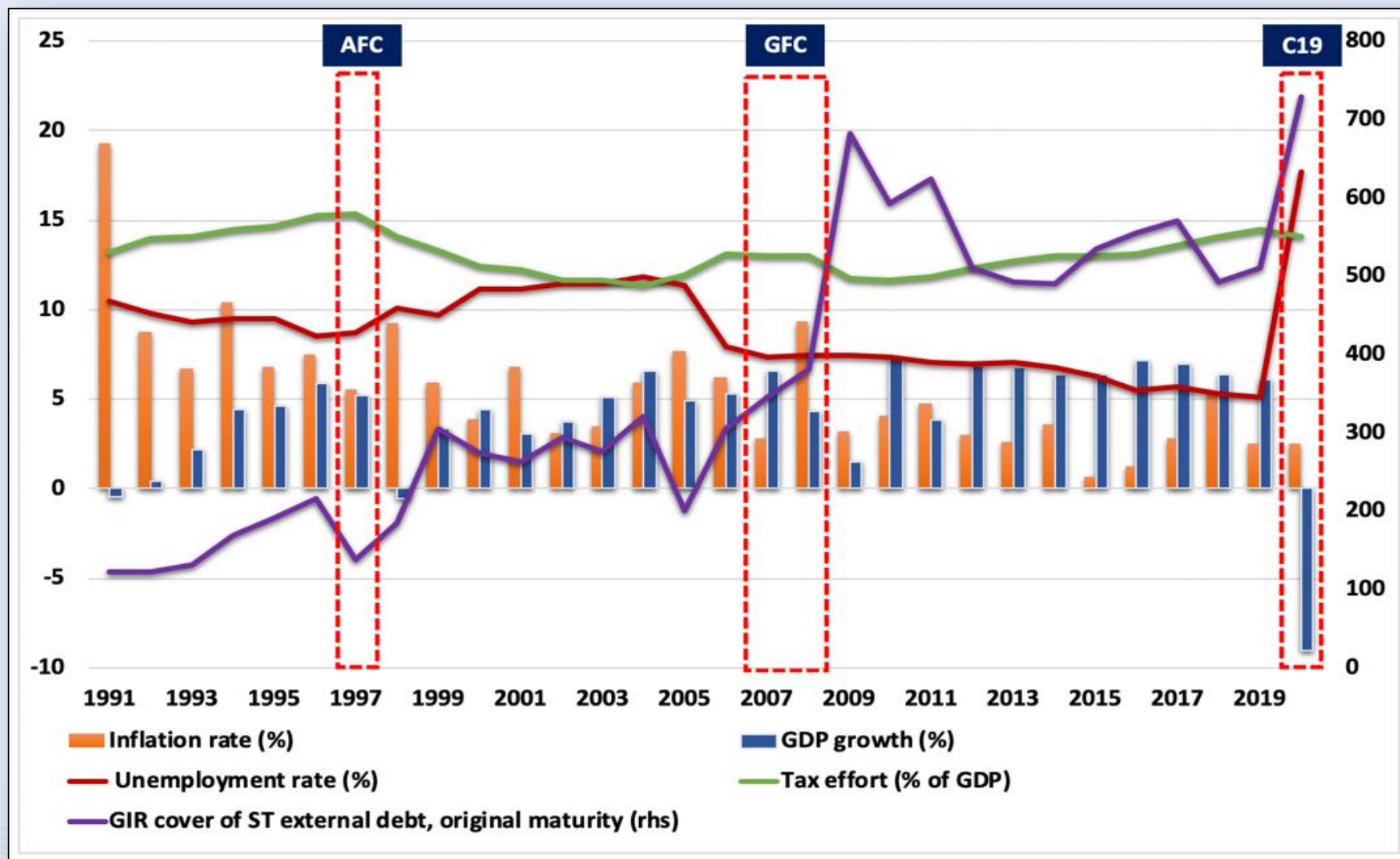
**The BSP's Financial Innovation
and Inclusion Agenda**

ILUMINADA T. SICAT
Assistant Governor
Monetary Policy Sub-Sector

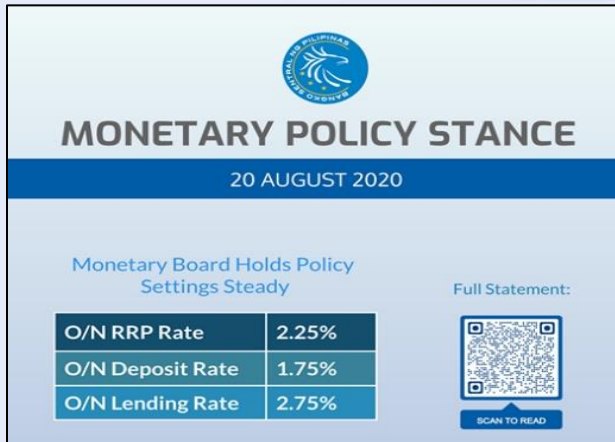


BANGKO SENTRAL NG PILIPINAS

Philippine Macroeconomic Performance at a Glance (1991-2020s)



BSP deployed a number of policy measures to mitigate the impact of COVID-19 pandemic



MONETARY POLICY STANCE
20 AUGUST 2020

Monetary Board Holds Policy Settings Steady

Full Statement:

O/N RRP Rate	2.25%
O/N Deposit Rate	1.75%
O/N Lending Rate	2.75%

SCAN TO READ

CUMULATIVE 175 BPS POLICY RATE CUTS

REDUCTION IN RESERVE REQUIREMENTS

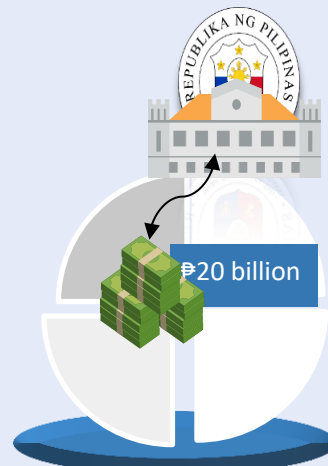
RESERVE REQUIREMENTS AGAINST DEPOSIT AND DEPOSIT SUBSTITUTE LIABILITIES		
Financial Institution	Before 3 April 2020	Starting 3 April 2020
Universal/Commercial Banks	14%	12%
Thrift Banks	4%	4%
Rural/Cooperative Banks	3%	3%
Non-Bank Financial Institutions with Quasi-Banking Functions	14%	12%

Effective reserve week
03 April 2020

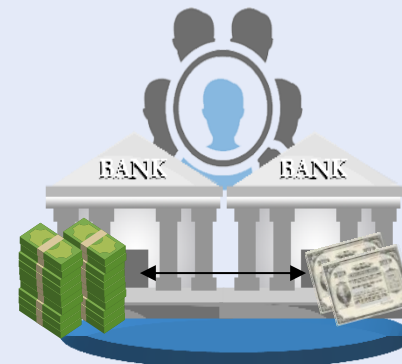
RRR REDUCTION OF 200 BPS FOR UKBs



₱300 BILLION
REPURCHASE
AGREEMENT WITH THE NG
THROUGH THE BTr



₱20 BILLION REMITTED
DIVIDENDS to support
the NG programs



PURCHASE OF
GOVERNMENT SECURITIES IN
THE SECONDARY MARKET



MEASURES ALLOWING
BANKS' ALTERNATIVE
COMPLIANCE WITH THE
RESERVE REQUIREMENT

The Digital Imperative for the New Economy



**DIGITAL
INFRASTRUCTURE**



DIGITAL ID



**DIGITAL
SKILLS**



**ENABLING LEGAL/
REGULATORY
FRAMEWORK
(OPEN BANKING)**






BANGKO SENTRAL NG PILIPINAS

COVID-induced Acceleration in Digital Payments

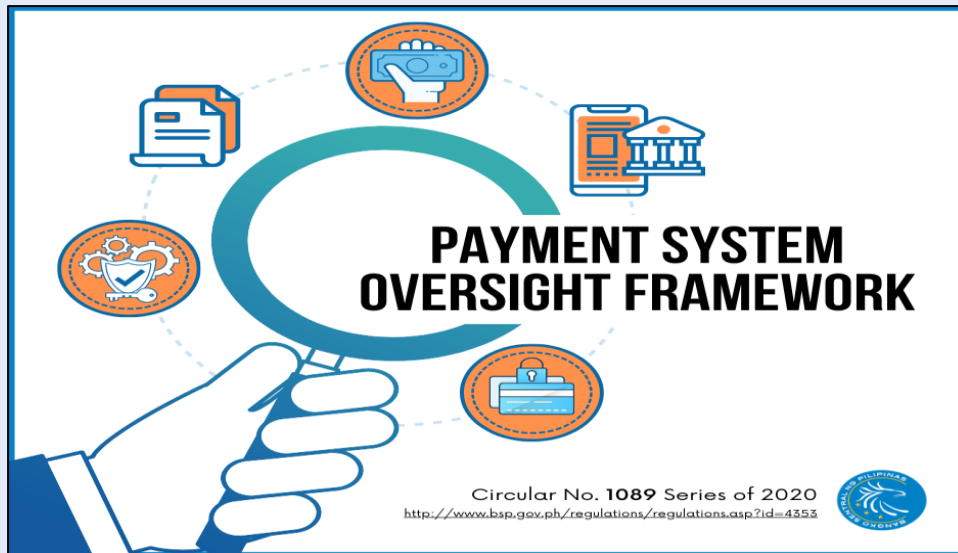
Promote digital payments

- ✓ Zero fees on InstaPay and PESONet
- ✓ Digitalization of payments (social benefits, wages, transportation)
- ✓ Support to the National ID (PhilSys)

		Volume	Value
	ATM Withdrawals	▼ 24%	▼ 13%
	Check Transactions	▼ 67%	▼ 62%
	Electronic Fund Transfers	▲ 74%	▲ 42%

*Comparison 76 days before and during ECQ

A safe, reliable and interoperable payment system for the New Economy Arrangement



PESONet

60 participating institutions



instaPay

47 participating institutions

As of 31 July 2020



EGov Pay Facility

Digitalization of government collections and disbursements

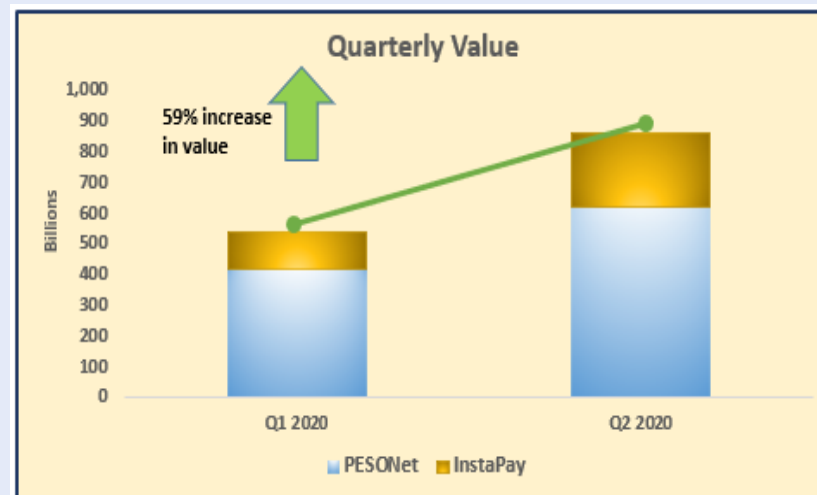
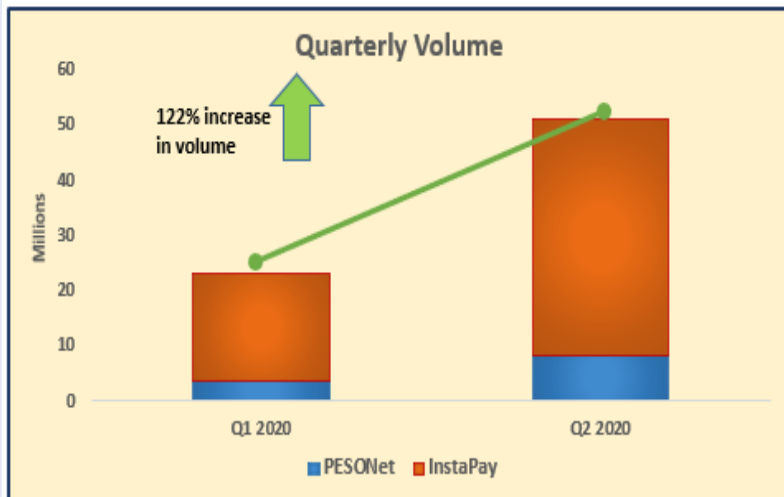
QR Ph

Payment through code scanning

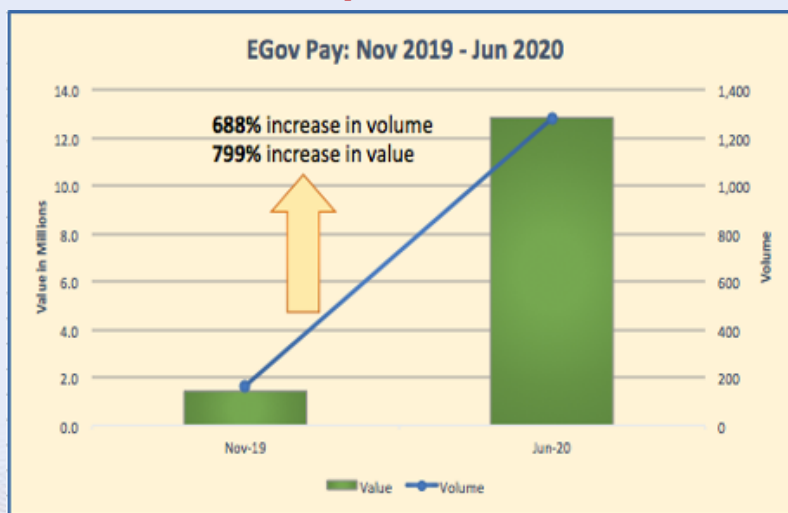
Source: BSP

Growing preference for digital transactions

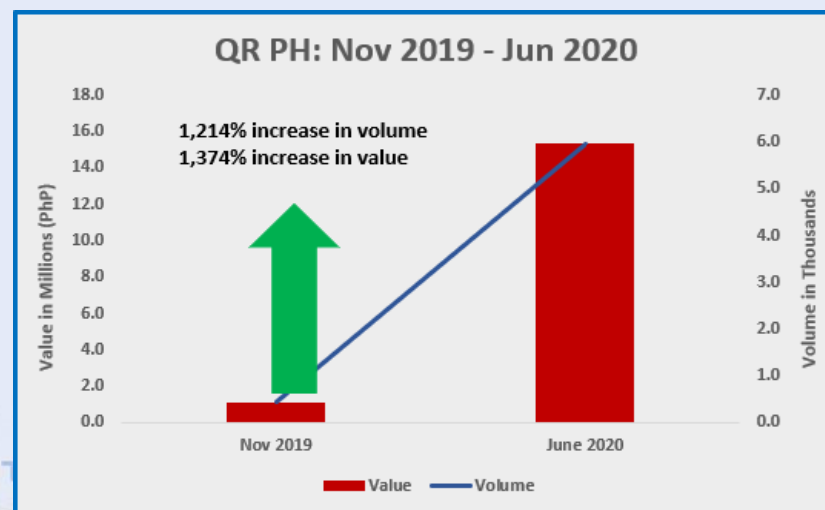
Combined PESONET and INSTAPAY Transactions



EGov Pay Transactions



QR Ph Transactions



Current State of Financial Inclusion

OPPORTUNITIES



MOBILE PHONE OWNERS



69% of adults own a mobile phone

12% of mobile phone owners use it for financial transactions



INTERNET USERS



53% of adults use the internet

9% of internet users use it for financial transactions

7 out of **10**
UNBANKED ADULTS
have a mobile
phone



CHALLENGES

DIGITAL LITERACY

Lack of awareness and trust are the main reasons for not making mobile or online financial transactions

DIGITAL DIVIDE

Locale

60% Urban Areas
40% Rural Areas

Geographical Area

70% NCR 40% Visayas
60% Balance Luzon
30% Mindanao

Income

80% Class ABC
40% Class E

Smartphone and Internet Users



BANGKO SENTRAL NG PILIPINAS

Inclusive Digital Finance: Initial Gains

Democratized access to a transaction account

120 banks

offering Basic Deposit Accounts (BDA)

4 million

number of BDA depositors

P3.5 billion

amount of BDA deposits

Expansive network of low-cost touch points

17,000+

Cash agents

43,000+

e-money agents

91%

local government units (LGUs) with access to an agent

Efficient retail payment system

60

number of PESONet participants (58 banks, 2 EMIs)

47

number of InstaPay participants (42 banks, 5 EMIs)

2.6 million

volume of PESONet transactions (137% Y-o-Y growth)

24.1 million

volume of InstaPay transactions (739% Y-o-Y growth)



BANGKO SENTRAL NG PILIPINAS

As of Q4 2019

As of Q4 2019

As of July 2020

Source: BSP Center for Learning and Inclusion Advocacy

Key takeaways

- The BSP is setting the stage for the rise of the New Economy, centered on the use of electronic payments and settlements
- The BSP remains committed in implementing necessary policy measures and reforms to help the Philippine economy recover from the COVID-19 crisis and to build its resilience against future crises.



“

Rest assured, macroeconomic policy measures are in place to address downside risks associated with the COVID-19 pandemic. The BSP will continue to work with market participants and relevant government agencies to ensure that its policy responses remain timely and appropriate particularly during these challenging times.

”

BENJAMIN E. DIOKNO
GOVERNOR

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