

BORDERLESS WORLD- IS PHILIPPINES READY?

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TOPICS

Business Take on Digital Money

- Moving from printed money to digital money
- FIAT versus Cryptocurrency
- Global trend in Fundraising Thru Token/Asset Offerings
- Security versus Utility (What is Stable Coin)

❖ Philippine Updates

❖ What needs to be done

The Fourth Industrial Revolution is here and is changing our World rapidly including how money is viewed.

Financial Technology (Fintech) is reshaping our Payment Systems, Asset Management, and even in **Fund Raising activities.**





The image shows three white security cameras mounted on a white horizontal pole. The cameras are positioned at different heights and angles. The background is a dense canopy of green leaves, which is slightly out of focus. At the bottom of the image, there is a dark blue banner with white and orange text.

LEAVE NO DARK CORNER

FINANCIAL MANAGEMENT INGREDIENTS



Ecosystem + Data (Analytics) + Artificial Intelligence

DEPARTMENT OF TRADE AND INDUSTRY REPORT



Global investments in FinTech/Digital Trade has been phenomenal.

Philippines alone (source DTI)



- ✓ Digital Trade currently enables up to **Php 160 Billion**
- ✓ By 2030, digital trade will enable an estimated **Php1.9 Trillion of economic impact!**

QR TRANSACTIONS IN PH

(JAN 1 TO DEC 31, 2018)

	VOLUME	VALUE PHP	%
CHINESE	138,022	397,840,059	21%
			
LOCAL	4,264,358	1,464,188,269	79%
			

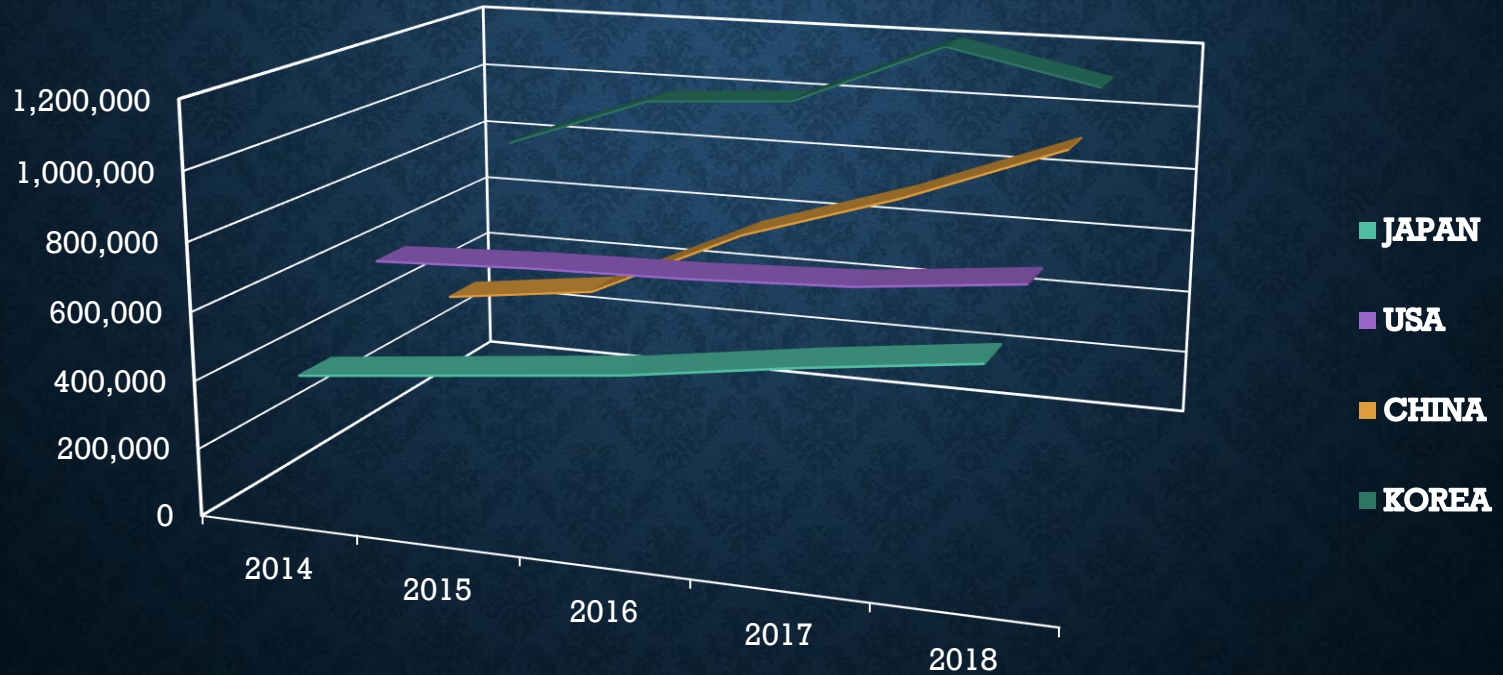
QR TRANSACTIONS IN PH (JAN 1 TO JUNE 2019)

	VOLUME	VALUE PHP	%
CHINESE	510,795	1,197,730,680	37%
			
LOCAL	6,069,974	2,077,972,233	63%
			

Total increased by **175%**
Chinese QR increased by **300%**

PH TOURISM ARRIVALS

2018 Tourist Arrivals



TOTAL TRADE **(IN BILLION USD)**

Year	JAPAN	CHINA	USA
2016	21.55	21.94	16.43
2017	21.76	25.48	17.44
2018	20.02	30.09	18.36

Bulk of Digital funds are coming thru Trade/Payments/Remittances and funding real estate projects and gaming.

We have yet to see impact in other industries in terms of funding projects big or small (start ups)

What is Digital Money?



Digital Money

```
graph TD; DM[Digital Money] --> FIAT[FIAT]; DM --> Crypto[Crypto]; Crypto --> Investments[Investments]; Crypto --> Rewards[Rewards]; Crypto --> Ecosystem[Ecosystem]; Investments --> Shares[* Shares]; Rewards --> NonCash[* Non Cash]; Rewards --> PointSystem[* Point system/Usage]; Ecosystem --> StableCoin[- Stable Coin?];
```

FIAT **versus** **Crypto**

Investments

* **Shares**

Rewards

* **Non Cash**

* **Point system/Usage**

Ecosystem

- **Stable Coin?**



VS

**SECURITY
TOKENS**

STO

FUND RAISING THRU DIGITAL OFFERINGS



BLINKIST



LOAN DENIED

LOAN DENIED



ork dollar
ering



SEC shuts down 836 illegal lenders

Any person who engages in lending without having the necessary documents will face a fine ranging from P10,000 to P50,000 and/or imprisonment of 6 months to 10 years

MANILA, Philippines – The **Securities and Exchange Commission (SEC)** revoked the registration of 836 companies engaged in lending activities without the necessary licenses, the agency said on Wednesday, July 24.

The SEC said the companies were registered as lending companies but did not have the certificate of authority to operate as such, which is a requirement under Republic Act No. 9474 or the Lending Company Regulation Act.

The list of revoked and suspended lending companies can be viewed [here](#).

Any person who engages in lending without having the certification will face a fine ranging from P10,000 to P50,000 and/or imprisonment of 6 months to 10 years.

To date, a total of 2,783 lending firms have obtained the required documents, while some 2,080 companies were found to be in violation of the law.



SEC warns of more Ponzi schemes, investment scams

45
SHARES



Iris Gonzales (The Philippine Star) - August 19, 2019 - 12:00am

MANILA, Philippines — Ponzi schemes and other similar investment scams are growing, the Securities and Exchange Commission (SEC) said over the weekend, as it warned the public against putting their money in such schemes with unusually high returns.

The SEC continues to crackdown on investment scams, recently nabbing 12 people caught soliciting investments from the public without the necessary license.

The 12, who are working for two separate companies, are in the custody of the National Bureau of Investigation (NBI) and are awaiting prosecutorial proceedings.

BSP strengthens consumer protection

83
SHARES



Lawrence Agcaoili (The Philippine Star) - September 12, 2019 - 12:00am

MANILA, Philippines – The Bangko Sentral ng Pilipinas (BSP) has strengthened its financial consumer protection framework in light of the increased complexity of financial products and rapid technological innovations in financial products and services.

BSP Governor Benjamin Diokno has issued Circular 1048 stating that the Monetary Board has approved the revision of the framework issued in 2014.

MONEY

Filtered By: Money

3 lending firms' execs face jail term, fines for 'shaming' borrowers –NPC

Published September 6, 2019 1:44pm

By TED CORDERO, GMA News

The National Privacy Commission said Friday that executives of three online lending companies are liable for a seven-year jail term and fines of up to P5 million for violating the Data Privacy Act of 2012, allegedly for shaming their borrowers.

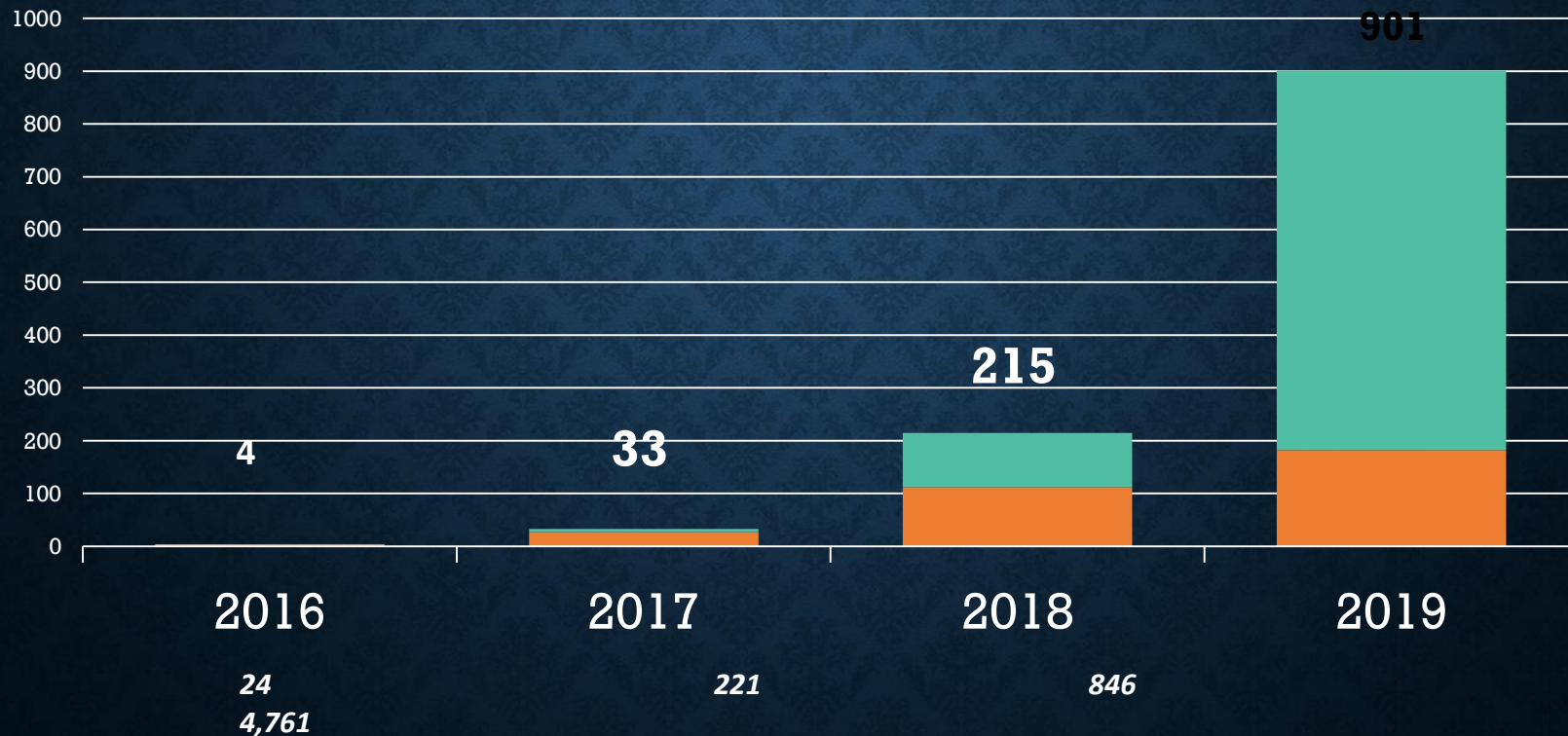
In a press conference in Pasay City, Privacy Commissioner Raymund Liboro said the commission's task force has concluded its investigation and found that the business models of Fast Cash Global Lending Inc., Unipeso Lending Company Inc., and Fynamics Lending Inc. are "violative of the Data Privacy Act."

The number of complaints against the three represents 61% of the total of 921 grievance notices received by the NPC concerning the following:

DATA SUBJECTS' PRIVACY RIGHTS PROTECTION PROGRAM

- ENFORCEMENT AND COMPLAINTS HANDLING PROGRAM

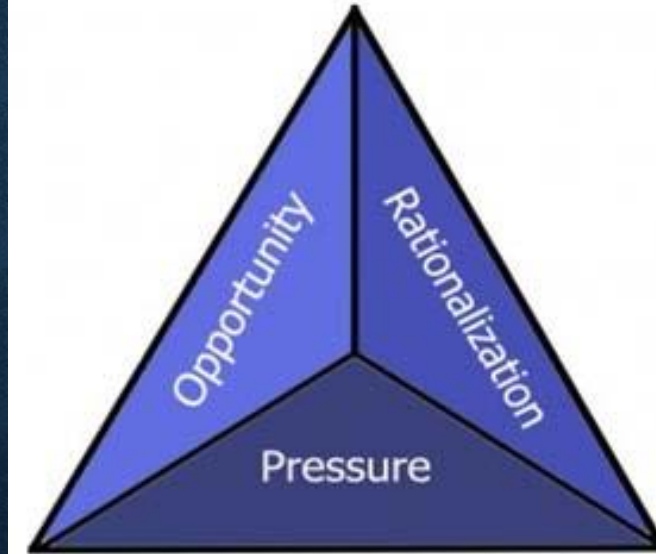
COMPLAINTS HANDLED





All three conditions must be present for fraud to occur

The Fraud Triangle



- ❑ **Override**
- ❑ **Lack of segregation of functions**
- ❑ **Poor internal controls**
- ❑ **etc**

- ❑ **It's temporary**
- ❑ **I think it's OK**
- ❑ **I deserve it**
- ❑ **etc**

- ❑ **Meet quota**
- ❑ **Bonus**
- ❑ **etc**



Building TRUST in Digital money

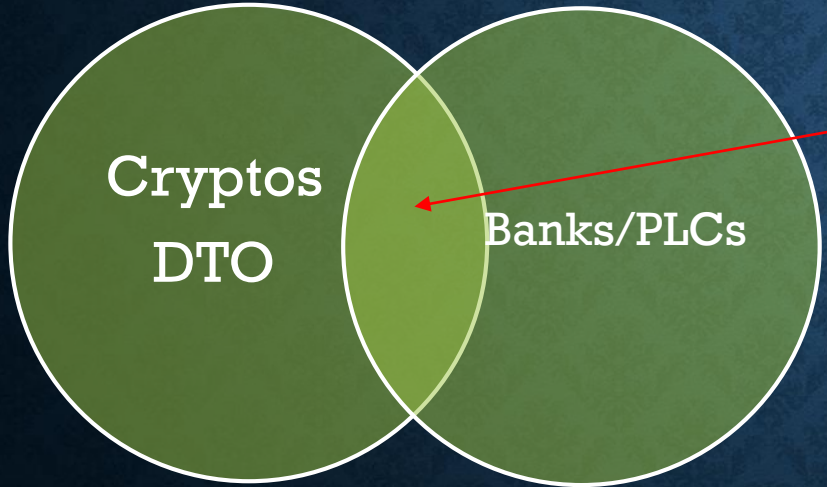
TRADITIONAL FUND RAISING VERSUS THRU TOKEN... NOT SEEING EYE TO EYE

Fast/Easy
Unregulated
Limited KYC

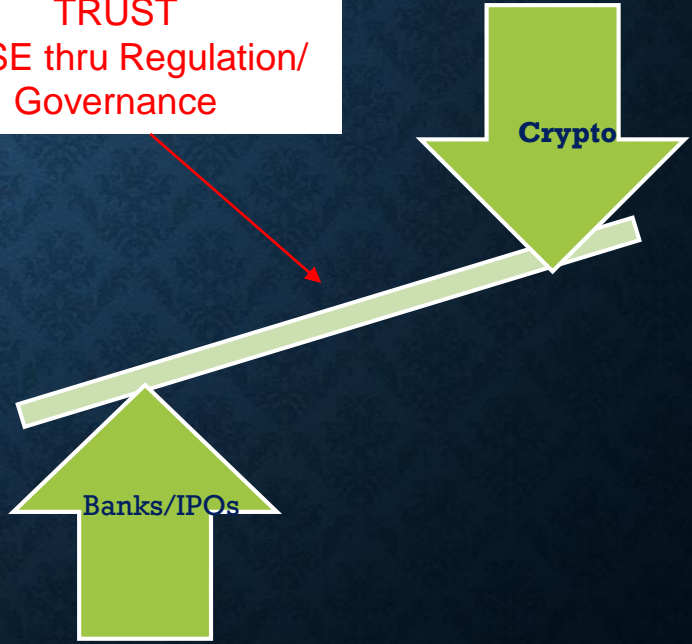
Banks
Loan/IPO/Crowd
Financing

Takes Time
Regulated
KYC
Corporation Code
PSE restrictions

ICO/STO – LEARNING BUILDING TRUST IS IMPORTANT



Equilibrium
TRUST
EASE thru Regulation/
Governance



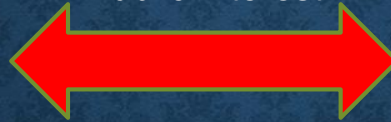
PH REGULATORY FRAMEWORK ON FINTECH COMPANIES

REVISED CORP CODE (11232)

Governance Initiatives

- ✓ 20% ID
- ✓ Shareholders Rights
- ✓ Material Contracts
- ✓ OPC – not allowed
- ✓ Report requirements
 - Compensation
 - Directors Performance

Corps vested with
Public Interest



Fintech Industries

- ✓ Asset Management
- ✓ Insurance
- ✓ Lending Platforms (straight and P2P)
- ✓ Trading Currencies
- ✓ Payment Systems
- ✓ Remittances

- Privacy Act 2012
- AMLA 2001
- KYC

PHILIPPINE REGULATORY CLIMATE

BSP

Sandbox
approach

SEC

Under public
Consultation

CEZA

CEZA has implemented highly progressive regulations

- Digital Asset Token Offering (DATO)
- Regulation and the Financial Technology Solutions
- Offshore Virtual Currency Business Rules and Regulations (FTSOVCBRR)

- ✓ **BSP 944 – Virtual Currency recognition**
- ✓ **RA 11055 – Phil ID System Aug 2018**
- ✓ **RA 11211 – New CB Act Oct 2018**
- ✓ **RA 11127 – Payment System Feb 2019**
- ✓ **RA 11293 – The Philippine Innovation Act**
- ✓ **RA 11337 – Incentives for Start Ups**
- ✓ **SEC Memo 14 – Reg. on Crowd Funding**
- ✓ **Upcoming regulations on draft format–**
 - National QR Code**
 - Digital Asset Offering**
 - Digital Asset Exchange**

ICO STATISTICS

\$ 18,758,796,932 raised in 2018

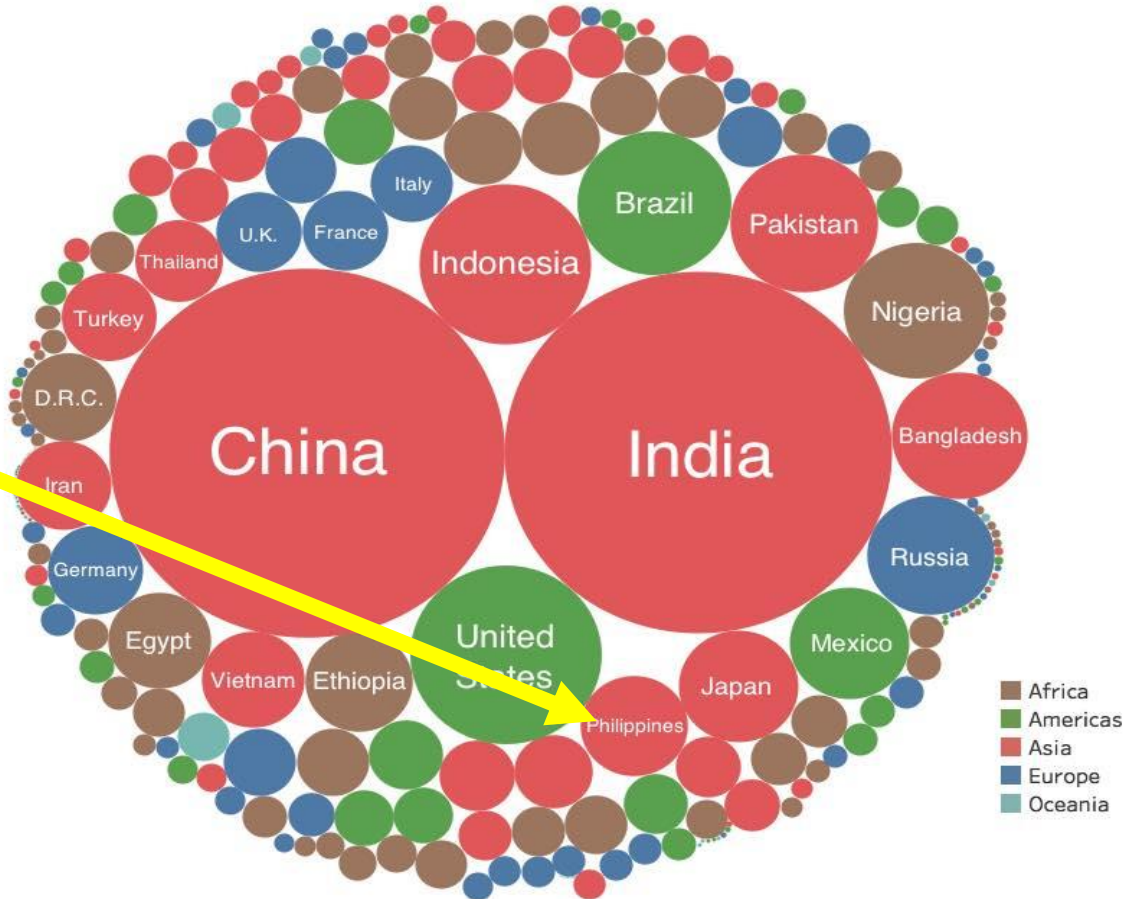
5332 Total Listed ICOs

400 ave # listed each month

47% ICOs Fail

12% of ICOs fail KYC

Countries by Population Size



Five Reason Business Is Change

By Rohit Kulkarni, Contri September 19, 2018 at 7:



BigPay and how poised to become Southeast Asia's digital bank



REGULATION
by Kevin Helms



SEC Begins Green-Lighting Token Offerings

HAASONLINE Scale your trading strategy with the world famous HaasBot® automation software [START NOW](#)

The U.S. Securities and Exchange Commission recently made history when it green-lighted two token offerings under Regulation A+. "This is the first time in U.S. history that a crypto token offering has received SEC qualification," one of the two qualified issuers proclaims.

Singapore to issue digital bank licences

28 June 2019



The Monetary Authority of Singapore (MAS) has announced it will issue up to five new digital bank licences to open up the island's market to non-

Up to two licences will go to providers of digital bank services for retail customers, with the other three earmarked for providers of digital bank services aimed at SMEs and other non-retail segments.



BY SUKHBIR

As the Southeast Asian market shifts gradually into digital banking systems, there's one player poised to be a major player in the market.

GLOBAL OPPORTUNITIES

Start-ups seen grabbing \$280 billion in banking payments revenues

September 17, 2019 | 12:04 am

LONDON — Banks are set to miss out on as much as \$280 billion in revenue from their payments operations by 2025, as new start-ups muscle in and more of the business of sending money to individuals and companies becomes instant and free, according to a new report.

The global payments business, which covers anything from card payments to wiring money overseas, is dominated by banks and this year was worth around \$1.5 trillion, professional services firm Accenture said in a report published on Monday.

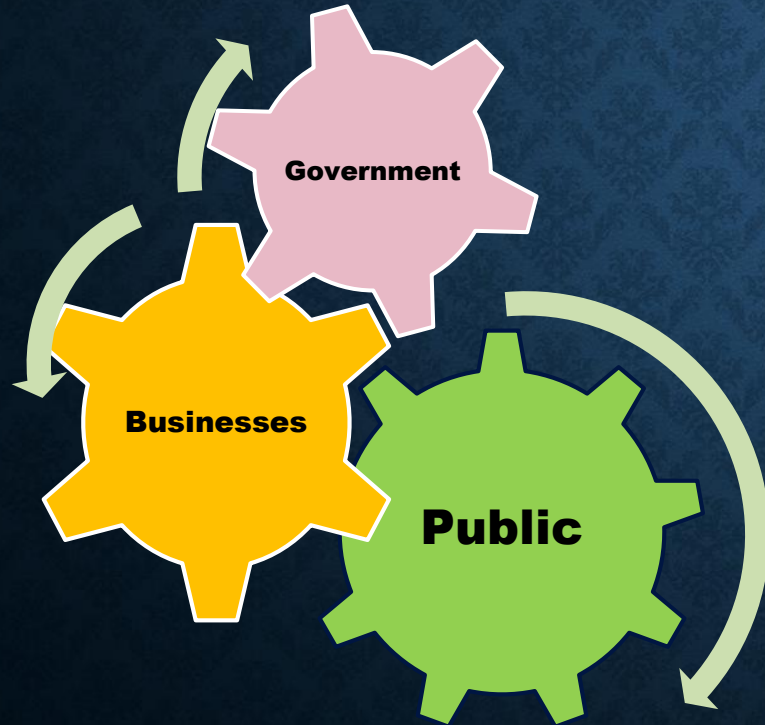


Economics

No country for unicorns: why Philippine start-ups are struggling

- Last year, the Philippines got just a tenth of what its neighbour Indonesia received in start-up investment deals
- Analysts say inexperience and an aversion to entrepreneurship may be to blame – and a new law to assist tech start-ups may help

WHAT NEEDS TO BE DONE?



Government:

- ✓ **Openness**
- ✓ **Appropriate Laws and Good implementation of laws**

Businesses (Carrot and Stick)

- ✓ **Penalize the Bad, Reward the Good**
- ✓ **Continuing Education -Know the Laws**
- ✓ **Incentivize Tech Start Ups eg: lower tax**
- ✓ **Good Governance**

Public

- ✓ **Awareness (usage and risks)**
- ✓ **Retooling**

Search 🔍 | ⚡ REFRESH



The Block

🕒 Published 26 Days ago

Elon Musk : Paper Money is Going Away

- * Technology shows us what we could possibly do with data.
- * Laws and regulations show us what we're allowed to do
- * **Ethics (Good Governance) tells us what we should do**



THANK YOU!