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Long-term strategic plan to develop the financial sector pushed

By Leslie Gatpolintan – June 26, 2019
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MANILA -- A consultant at the Philippine Institute for Development Studies (PIDS) is pushing for a comprehensive and detailed long-term strategic action plan to develop the country's financial sector.

"(This plan) would help to identify reforms to address the weaknesses, and hence actualize the vision of a truly inclusive financial sector that is supportive of the country's economic growth and development," Melanie Milo said in a policy note titled "Financial sector development: A review".

Milo cited a comparative review of financial sector development in the Association of Southeast Asian Nations (ASEAN) indicating the Philippines has lagged behind other comparable member States, particularly Malaysia and Thailand, with respect to financial deepening, access, and efficiency.

Nonetheless, the Philippine banking system fared better with respect to financial stability, she said.

"The dominance of the banking sector is common in developing economies, including in ASEAN. It should be noted that the banking sector in the Philippines has proven to be resilient in the face of global financial crises, underpinned by a strong regulatory and supervisory framework," she added.

However, Milo said a review of the state of the Philippine financial services sector indicated that there has been no significant transformation over the past three decades.

Citing an earlier study, she noted a review of the financial regulatory framework also showed that key domestic regulations remain restrictive.

Milo further said the goal thus should be a "more diversified, dynamic, competitive, and resilient financial system" that offers a wider range of financial products and services both to consumers and businesses through more efficient delivery channels. (PNA)