



**Asia-Pacific  
Economic Cooperation**

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Session 1

## **Leadership Strategy Development - Philippines**

Submitted by: Philippines



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## Clear Understanding of the Problem

- 610 out of 1634 (37%) municipalities have no banking office (end-March 2011)
- Concentration of banking services are in the high income areas (50% of total deposits are in National Capital Region)
- Only 26% of the adult population is banked
- Study showed that in non-metro mid-sized cities, over 60% still keep savings at home
- Archipelagic barriers pose a large access to finance challenge



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## Well-defined Financial Inclusion Framework

- **What are the characteristics of a truly inclusive financial system?**
  - 1) wide range of financial services that serve different market segments,
  - 2) financial products appropriately designed, priced and tailor-fitted to market need,
  - 3) wide variety of strong, sound and duly authorized financial institutions utilizing innovative delivery channels and
  - 4) effective interface of bank and non-bank products, delivery channels, technology and innovation to reach the financially excluded

*(Philippine Development Plan 2011-2016)*



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## Cohesive and Consistent Guiding Principles

- Financial inclusion is a worthy policy objective and something that should be pursued alongside the promotion of stability and efficiency in the financial system.
- Financial inclusion and financial stability are mutually reinforcing.
- Financial stability and financial inclusion are not inevitable. Both demand at least the same measure of energy, imagination and serious attention from policy makers.



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## Cohesive and Consistent Guiding Principles

- In addressing financial access issues, market based solutions are feasible and should be encouraged. It is necessary to establish a supportive regulatory environment for the said market based solutions to work.
- These solutions, of course, present real and valid risks but these are concerns that can be managed.
- All financial service providers should be properly and proportionately regulated to uphold consumer protection and financial system integrity.



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## Deliberate Approach

- Fully understand the business model
- Proceed with caution and flexibility
- Institute risk-based supervision
- Support continuous innovation



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## Recent (2010-2011) Initiatives

### Wider Range of Products

- Micro-deposits
- Microinsurance
- Micro-agri Loans
- Housing Microfinance

### Expanded Physical Network

- Opening of Micro-banking Offices (MBOs)

### Expanded Virtual Reach

- E-money Issuers
- E-money Network Service Providers

### Lower Barriers to Customer Acquisition

- Updated Anti-Money Laundering Rules

### Consumer Protection and Financial Literacy

### Financial Inclusion Data Framework