



Financial Inclusion
Steering Committee

2023 Annual Report

National Strategy for
Financial Inclusion



About the Cover

A weaver from the T'boli tribe. Photo by Dennis Catacutan, BSP.

A T'boli legend tells how Fu Dalu, the goddess of abaca, taught the art of weaving the sacred t'nalak to the women of the tribe. As dreamweavers, the T'boli womenfolk— who were said to learn the ritual through dreams—carry with them the hopes and aspirations of their ancestors and pursue these through the creation of stunning tapestries out of simple abaca fiber and dye.

As we continue to weave our financial inclusion story, may the t'nalak serve as a reminder of our unique contributions coming together beautifully as a tapestry of dreams fulfilled, a symbol of our collective desire to see a future where no Filipino is left behind.

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The 2023 Annual Report of the NSFI 2022-2028

FISC Member Agencies

This second issue of the National Strategy for Financial Inclusion (NSFI) 2022-2028 Annual Report highlights the progress made to accelerate financial inclusion in the country under the guidance of the interagency Financial Inclusion Steering Committee (FISC).

Established in 2016 through Executive Order (EO) No. 208, the FISC provides direction in the implementation of the strategy and serves as a platform for the whole-of-nation pursuit of the NSFI's vision to achieve "financial inclusion toward inclusive growth and financial resilience."

BSP Bangko Sentral ng Pilipinas
CDA Cooperative Development Authority

CFO Commission on Filipinos Overseas

DA Department of Agriculture

DAR Department of Agrarian Reform

DBM Department of Budget and Management

DepEd Department of Education

DICT Department of Information and Communications Technology

DILG Department of the Interior and Local Government

DOF Department of Finance

DOLE Department of Labor and Employment

DOST Department of Science and Technology

DOTr Department of Transportation

DSWD Department of Social Welfare and Development

DTI Department of Trade and Industry

IC Insurance Commission

NEDA National Economic and Development Authority

PCW Philippine Commission on Women

PDIC Philippine Deposit Insurance Corporation

PSA Philippine Statistics Authority

SEC Securities and Exchange Commission

Foreword

BY ELI M. REMOLONA, JR.

GOVERNOR, BANGKO SENTRAL NG PILIPINAS AND
CHAIR, FINANCIAL INCLUSION STEERING COMMITTEE



The year 2023 was a pivotal year for the changing landscape of financial inclusion in the Philippines. Coming out of the pandemic, we forged on, making way to further advance the work toward an inclusive financial ecosystem that is stable, sustainable, and resilient.

We continued to witness the transformative power of digital technologies as essential and welfare-enhancing financial services become more accessible to ordinary Filipinos. We have, for instance, made substantial progress in mainstreaming digital financial inclusion in our communities and their local financial ecosystems, with more microentrepreneurs embracing digital solutions and market vendors shifting increasingly toward digital payments.

The gains we made so far in this ongoing journey would not have been possible if not for the dedication and concerted efforts of the FISC and of our financial inclusion advocates, champions, and stakeholders.

This issue features key initiatives and recent developments on account onboarding and digitalization programs to promote inclusive digital finance; implementation of tailor-fit financial literacy campaigns and pertinent policies and legislation to strengthen financial education and consumer protection; continuing transition to accounts-based distribution of benefits to enhance access to risk protection and social safety nets; and promotion of innovative financing models to enhance agriculture and micro, small, and medium enterprise financing system. It also highlights the achievements and commitments of FISC members at the international stage, which

bolster the country's global profile and thought leadership in financial inclusion.

There is still more work ahead of us to help improve the lives of our country's unserved, underserved, and unreached. Nonetheless, we are confident that we will keep the momentum to broaden and deepen financial inclusion toward realizing financial health and resilience for all Filipinos. We have come so far, and farther, we will go. Let us remain steadfast in our collective commitment to building a more inclusive world where no one is left behind.

“The gains we made so far in this ongoing journey would not have been possible if not for the dedication and concerted efforts of the FISC and of our financial inclusion advocates, champions, and stakeholders.”

About the Financial Inclusion Steering Committee

Created in 2016, the FISC serves as a collaboration platform toward the achievement of the vision of the National Strategy for Financial Inclusion. Twenty one government agencies have come together to make this dream a reality.



The roles of the FISC member agencies as portrayed by the Malaya Dance Troupe during the 2023 AFI-GPF opening ceremony in Manila (see related article on pp.71-77) . Photos by Bangko Sentral ng Pilipinas.



Bangko Sentral ng Pilipinas (BSP)

Serves as the FISC Chair and Secretariat, and advances financial inclusion and consumer empowerment through enabling regulations, financial education, and advocacy programs.



Cooperative Development Authority (CDA)

Strengthens financial and business management capabilities of the cooperatives sector to improve livelihood opportunities for members



Commission on Filipinos Overseas (CFO)¹

Promotes financial literacy of Overseas Filipinos (OFs) and their beneficiaries



Department of Agriculture (DA)

Promotes agriculture sector development and the financial resilience of agriculture workers and enterprises through financial literacy and digital cash transfers



Department of Agrarian Reform (DAR)

Promotes financial resilience of the agrarian reform households and communities through financial literacy



Department of Budget and Management (DBM)

Supports the implementation of financial inclusion priority initiatives through funding and enabling budget policies



Department of Education (DepEd)

Promotes financial literacy and capability of learners, teachers, and personnel



Department of Information and Communications Technology (DICT)

Develops government digital platforms and enhances digital connectivity in the country, especially in unserved and underserved areas



Department of the Interior and Local Government (DILG)

Promotes implementation of financial inclusion programs by cities and municipalities across the country

¹ CFO unveils new logo - January 2024



Department of Finance (DOF)

Promotes a conducive fiscal policy environment for inclusive digital finance



Department of Labor and Employment (DOLE)

Promotes financial literacy and digital payments for workers' wages and benefits



Department of Science and Technology (DOST)

Advances Filipino entrepreneurship and start-ups through technology, innovation, and financing support



Department of Transportation (DOTr)

Promotes digital payments in the transport sector



Department of Social Welfare and Development (DSWD)

Promotes the financial resilience of the vulnerable sector through financial literacy and digital cash transfers



Department of Trade and Industry (DTI)

Promotes the development of the MSME sector through improved access to finance, technology, and markets





Insurance Commission (IC)

Promotes consumer protection and a conducive regulatory environment for inclusive and innovative insurance industry



National Economic and Development Authority (NEDA)

Ensures integration of financial inclusion in the country's national and regional development agenda



Philippine Commission on Women (PCW)

Increases women's financial inclusion and empowerment, narrowing the gender gap through gender-responsive policies



Philippine Deposit Insurance Corporation (PDIC)

Supports public confidence in deposit products



Philippine Statistics Authority (PSA)

Implements the national digital ID system (PhilSys) as a platform for inclusion and innovation, and providing data to support policymaking



Securities and Exchange Commission (SEC)

Advances inclusive access to investment and responsive financing products through enabling regulations and advocacy programs

About financial inclusion

Financial inclusion is a state of effective access to finance-related products and services for everyone, especially the vulnerable sectors. Aside from availability, effective access means the products and services are appropriately designed, of good quality, and aligned with user needs such as savings, borrowing, insurance, as well as future financial endeavors. Access to credit, for instance, can address enterprise needs, and in turn advance livelihood and development opportunities.

Financial inclusion likewise aims to improve financial health by enabling Filipinos to meet their financial obligations, withstand financial shocks, reach long-term goals, and enable them to exercise control over their finances.¹ Products and services thus not only cater to various needs, priorities, and capabilities, but should also and importantly, be empowering and within easy reach for all Filipinos.

¹ United Nations Secretary General's Special Advocate for Inclusive Finance for Development (UNSGSA), 2021.

A weaver from the T'boli tribe.
Photo by Dennis Catacutan.

Account ownership is the primary indicator of financial inclusion, serving as a gateway to the formal financial system. Individuals and businesses alike can build and safeguard their financial footprint through a transaction account. An indispensable and critical tool, a transaction account enables access to other financial products and services. Moreover, its utility and welfare-enhancing potential have made it an essential component of the social protection system of many countries.



Fisherfolk in a coastal area in Zamboanga City. Photo by Dennis Catacutan.

Issues and challenges

While gains have been made over the years, many Filipinos still stand to benefit from being part of the formal financial system. Demographic disparities in part explain the gaps in account penetration, savings incidence, credit, insurance, and investments, with certain individuals being better positioned to avail financial products and services than others. It is worth noting that the Philippines compared to other countries has a higher inclusion of level among women than men according to account ownership, savings, credit, insurance, and remittance indicators.

It can be observed nonetheless that financial exclusion continues to affect millions of Filipinos disproportionately, especially those from the lower income, unemployed, uneducated, and young segments. Senior citizens, migrant workers and their families, persons with disabilities

“It can be observed nonetheless that financial exclusion continues to affect millions of Filipinos disproportionately, especially those from the lower income, unemployed, uneducated, and young segments.”

(PWDs), indigenous peoples, forcibly displaced persons (FDPs) also make up excluded segments. Furthermore, each segment has its own distinct set of barriers to inclusion that merit the application of context-specific measures.

Agriculture enterprises and MSMEs serve as primary sources of livelihood and employment for many Filipinos. Smallholder farmers, fisherfolk, and informal workers, and micro, small, and medium enterprises (MSMEs) make up a significant portion of the country’s unbanked and underserved. Agriculture and MSMEs are otherwise productive sectors whose immense potential can be optimized to drive sustainable economic growth and development, but are faced with persistent challenges—foremost being access to financing. Specifically, MSMEs (including agriculture-oriented businesses) have a paltry, if not declining, share of loans to total business loans and to total banking system loans² despite accounting for 99.5% of total businesses and generating 63% of total employment in the country.³

² Based on recent BSP data, the percentage of MSME loans to total business loans declined between the first quarter of 2021 and first quarter of 2023, from 7.77 percent to 6.24 percent while the percentage share of MSMEs loans to total banking system loans declined between the same periods, from 4.60 percent to 4.07 percent.

³ Department of Trade and Industry (DTI) data as of 2020

With increasing digitalization also comes attendant issues and challenges. Despite its ability to bring game-changing developments in financial inclusion, digitalization can lead to unintended consequences such as wider disparities in connectivity between urban and rural communities. Public questions on affordability, practicality, and reliability, as well as apprehension over data privacy and vulnerability to online frauds and scams, hinder greater receptivity to and usage of digital financial services (DFS).

“Smallholder farmers, fisherfolk, and informal workers, and micro, small, and medium enterprises (MSMEs) make up a significant portion of the country’s unbanked and underserved.”

Prospects and opportunities

The pursuit of financial inclusion has changed alongside the socioeconomic and financial landscape, calling for strategic and multi-dimensional approaches. The Philippines aims to be at the forefront of developments, with the government setting out to formulate and implement responses—from policies to programs—that not only address issues and challenges, but also create opportunities to build on existing foundations and deepen the pursuit of financial inclusion, such as the introduction of innovative models, practices, and technologies.

The need to address access to finance by agriculture and MSME sectors has, for instance, accelerated the push for enterprise-enhancing initiatives, including the strengthening of a credit information system, modern and credible warehouse receipts system, and sound

credit and agriculture insurance, as well as the adoption of nontraditional asset-based financing schemes. Moreover, renewed focus on the agriculture and MSME sectors enables the promotion of relevant initiatives that contribute to the advancement of financial inclusion, particularly the development of support systems and education, energy, health, and roadworks infrastructure, especially in the countryside and rural areas.

The digitalization drive also continues, with the Philippine Government looking to narrow the connectivity gaps and foster an inclusive digital financial infrastructure. The PhilSys, an element of the inclusive digital financial infrastructure, gives Filipinos a unique digital identity and functions as a bona fide identification (ID) document. The PhilSys specifically addresses the lack of acceptable ID—one of the most cited barriers to account

opening—and serves as a catalyst for large-scale onboarding and greater innovation in DFS. Meanwhile, the pursuit of other legislative and policy reforms such as the issuance of EO No. 127⁴ sets out to strengthen nationwide connectivity for better access, delivery, and sustained usage of DFS.

Finally, prospects exist to improve the safety and welfare of financial consumers through the reinforcement of consumer protection and market conduct mechanisms. Digital platforms, offering expedient means of communication, can likewise be harnessed to broaden outreach and delivery of financial literacy and advocacy programs; respond real-time to consumer concerns; and bolster public trust and consumer protection capabilities.

⁴ EO 127 otherwise known as “Expanding the Provision of Internet Services Through Inclusive Access to Satellite Services”

The Philippines' Financial Inclusion Journey

Financial inclusion in the Philippines is a journey marked by the hopes and ambitions of a nation, a road where the aspirations of its people pave the way toward a brighter, more inclusive future.

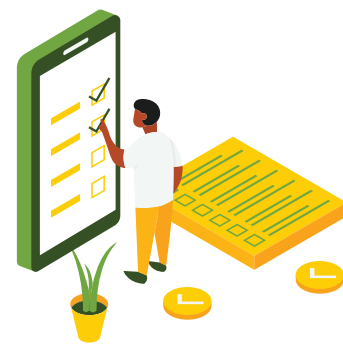
Mainstreaming of microfinance

The Philippines' experience in microfinance has shown that properly designed financial products, aligned with the needs and capacities of the low-income sector, can be provided in a viable manner.

The enabling policy environment for microfinance has helped in addressing barriers in access to finance such as voluminous requirements, and lack of credit history and collateral.

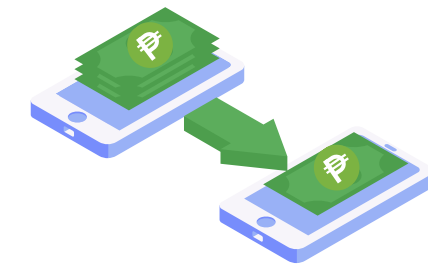
Declaration of microfinance as the BSP's flagship program for poverty alleviation

2002



Establishment of AFI with BSP as a founding member

2008



2007

Recognition of BSP as first central bank to establish a unit dedicated to financial inclusion with the creation of the Inclusive Finance Advocacy Staff

2009-2013

Recognition of the Philippines by the Economist Intelligence Unit (EIU) as first in the world in terms of regulatory framework for microfinance



Issuance of pioneering regulation on electronic money

2009

Launch of the National Retail Payment System (NRPS) and the first NSFI

2015



Issuance of key policies on digital finance such as regulation on cash agents and basic deposit account; Launch of PESONet and InstaPay, the two interoperable electronic fund transfer schemes under the NRPS.

2017-2018

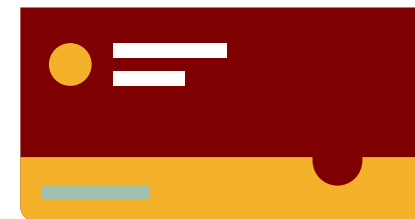
2014-2019

Recognition of the Philippines as first in Asia and consistently in the world's top five by the EIU in terms of having a conducive environment for financial inclusion



2016

Issuance of EO No. 208 creating the interagency FISC



Harnessing mobile phones and digital technology for democratized access to financial services

Technology and innovation play a big role in our efforts to accelerate the advancement of financial inclusion.

Mobile phones and digital innovations have expanded access to financial services by addressing geographical barriers and providing more efficient and cost-effective solutions to reach the unbanked.

Harnessing data and digital innovations for access to appropriately designed financial services that are contextualized to the needs of diverse users

We are increasingly harnessing the potential of data and emerging technology to make financial services more responsive and impactful.

Rather than being an end in itself, financial inclusion is a means to achieve broader aspirations. Its goal is not merely providing universal access to financial services but ensuring that these services truly enhance the financial health and resilience of their users, especially in view of climate shocks.

We ensure that our efforts to green and promote sustainability in the financial sector benefit the vulnerable and the underserved. Our brand of sustainability is financially inclusive.



Launch of the NSFI 2022-2028 and FISC endorsement of key reforms:

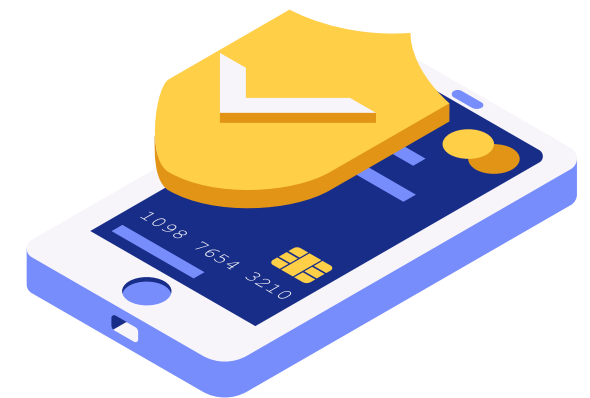
- Memorandum Circular No. 97 on Institutionalizing Whole-of-Government Support for the NSFI 2022-2028
- EO No. 170 on Digital Collections and Disbursements

2022-present

2018-2021

Issuance of legislative and policy reforms:

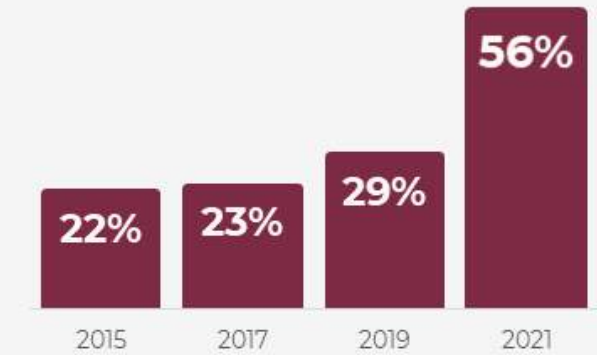
- RA No. 11055 or the Philippine Identification System (PhilSys) Act
- RA No. 11127 or the National Payment System Act
- RA No. 11439 or Act Providing for the Regulation and Organization of Islamic Banks
- EO No. 127 on inclusive access to satellite services



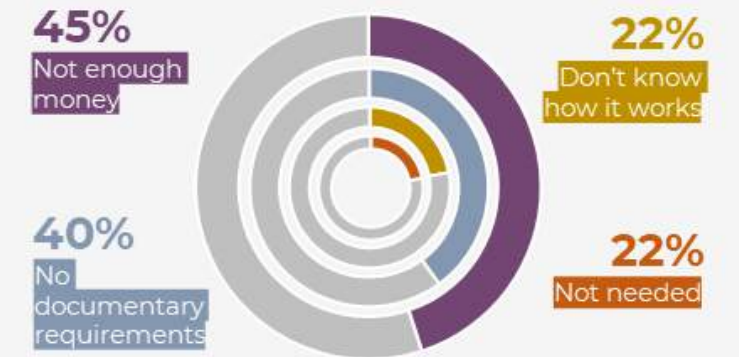
FINANCIAL INCLUSION
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**SNAP
 SHOT
 SHOT**

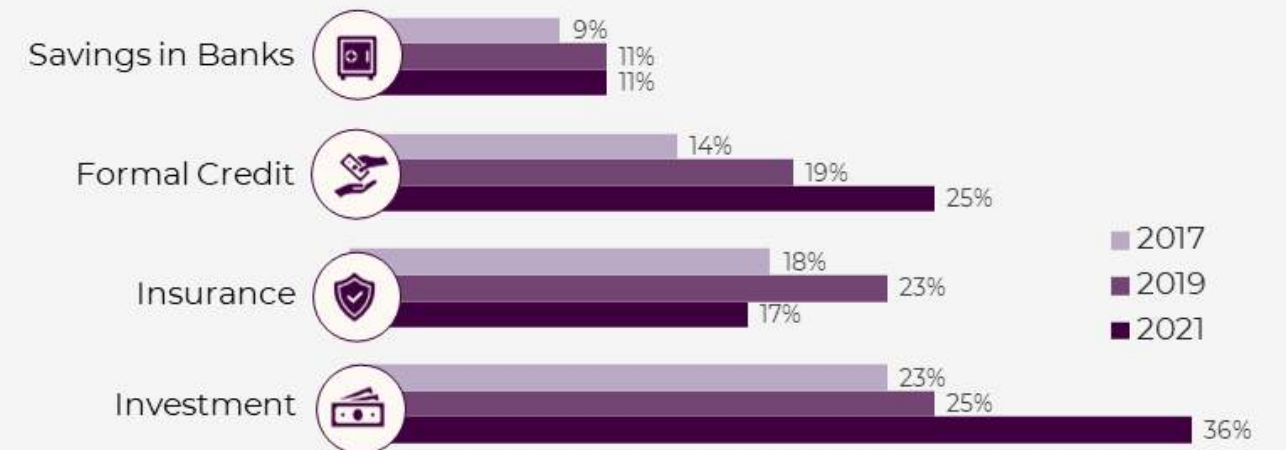
ACCOUNT OWNERSHIP



Barriers to Account Ownership

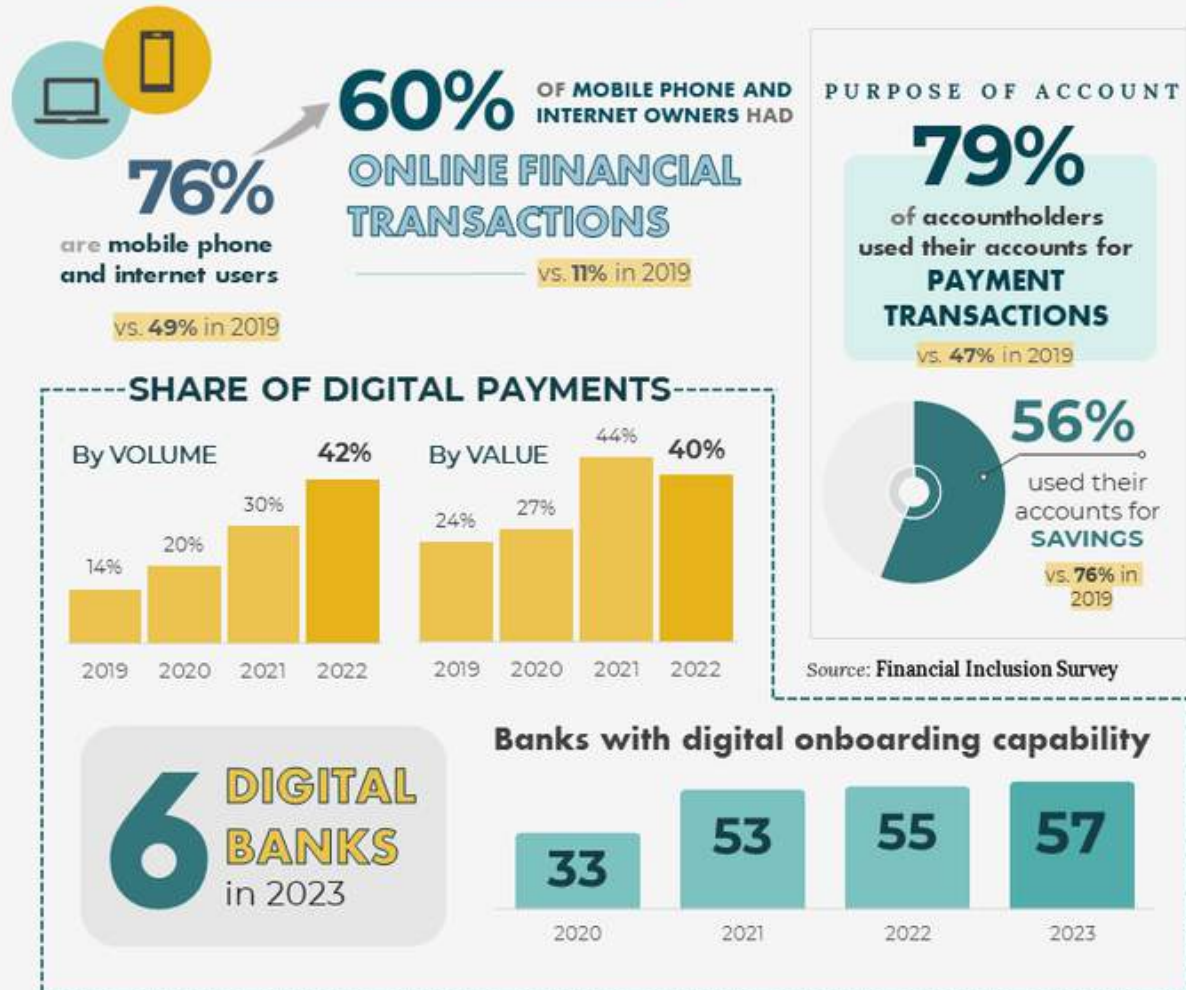


USE OF FORMAL FINANCIAL SERVICES

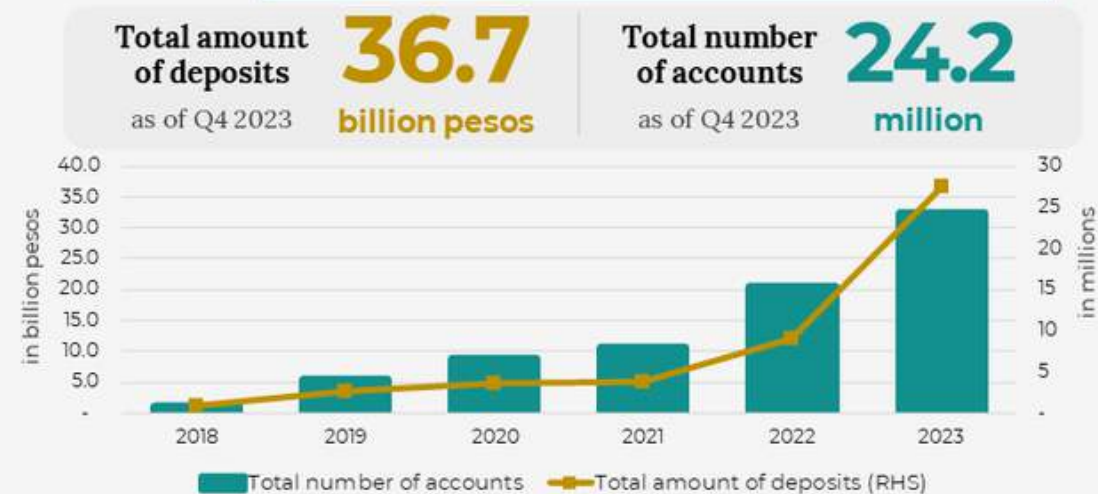


Source: **Financial Inclusion Survey** unless otherwise stated

DIGITAL FINANCE

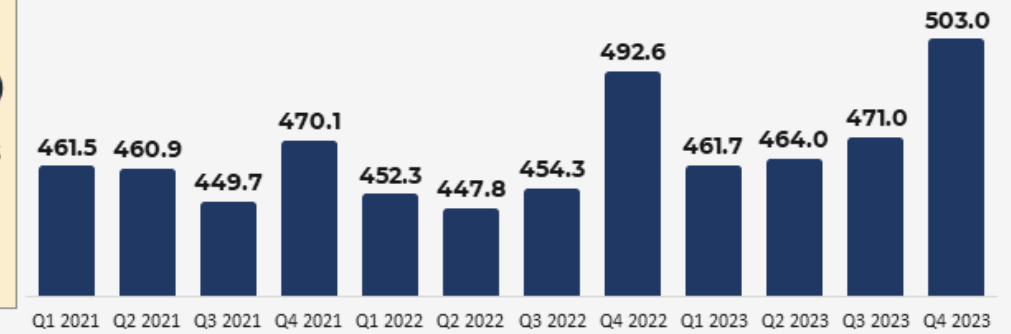


BASIC DEPOSIT ACCOUNTS

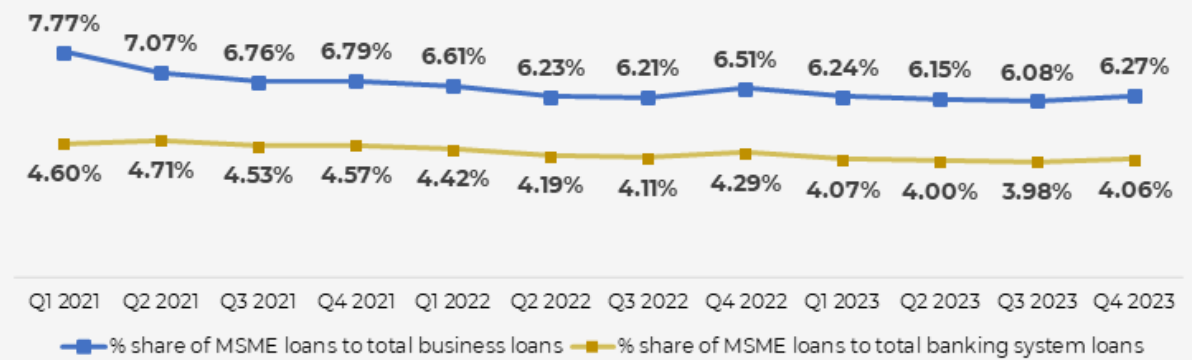


MICRO, SMALL, AND MEDIUM ENTERPRISES (MSMEs)

503 billion pesos MSME loans as of Q4 2023



Percentage Share of MSME Loans



MICROFINANCE

Banking Sector

135 Microfinance-engaged and -oriented banks | **2 million** borrowers | **32 billion pesos** loans

Source: BSP (Q4 2023)

Microfinance NGO Sector | **6.6 million** borrowers | **68 billion pesos** loans

Source: SEC-MNRC (2022)

Cooperative Sector

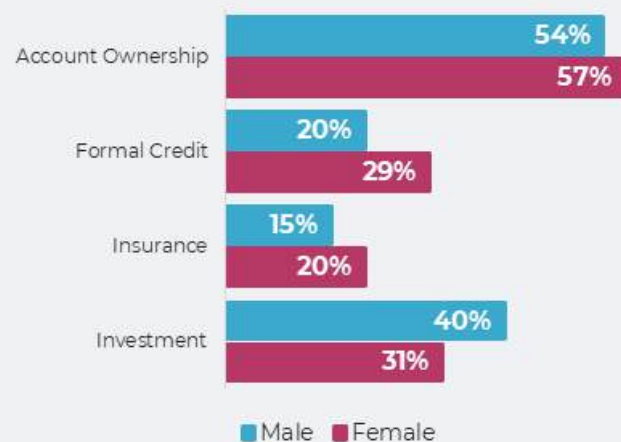
9.7 million member-depositors | **174 billion pesos** deposit liabilities | **284 billion pesos** loans

Source: CDA (2021)

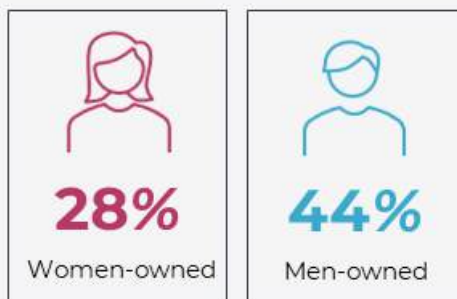
GENDER INCLUSIVE FINANCE



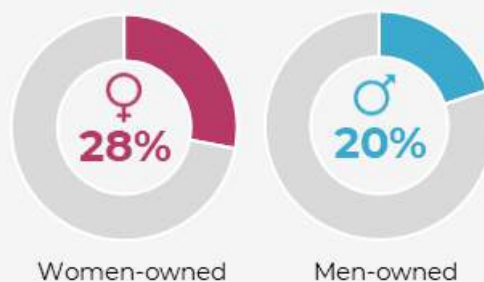
Use of Formal Financial Services – Individual (2021)



Use of Digital Financial Services (MSME)



Loan Application during 2019 – 2020 (MSME)



Use of Digital Financial Services Individual (2021)



Source: Financial Inclusion Survey

Source: 2021 Asian Development Bank MSME survey of a valid sample of 1,000: 600 women-owned and 400 men-owned MSMEs.

More than half of **women entrepreneurs (52%)** and **27% of men entrepreneurs** still use **cash in financial transactions**

46% of men entrepreneurs and **23% of women entrepreneurs** still prefer transacting **over-the-counter**

ATM terminals were used by **28% of men entrepreneurs** and **15% in women entrepreneurs**

Use of QR codes are gaining traction at **27% for men entrepreneurs** and **16% in women entrepreneurs**

Internet banking via web browser and mobile/banking apps is still low at **22% and 21% for men entrepreneurs** and **10% for both services in women entrepreneurs**

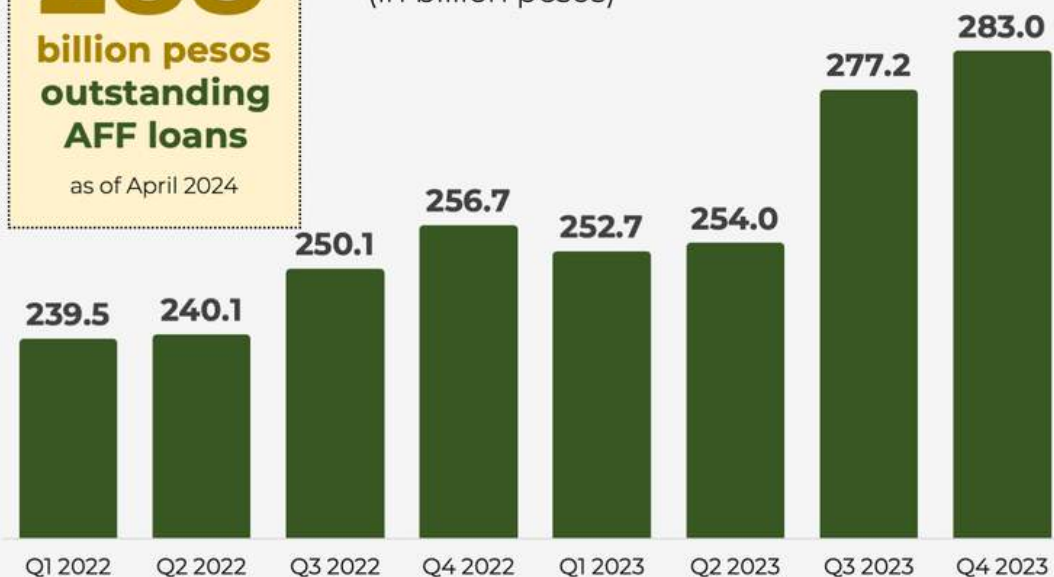
Source: Asian Development Bank "Promoting Transformative Gender Equality Agenda in Asia and the Pacific": 2021 MSME Survey

AGRICULTURE, FORESTRY AND FISHING (AFF) LOANS

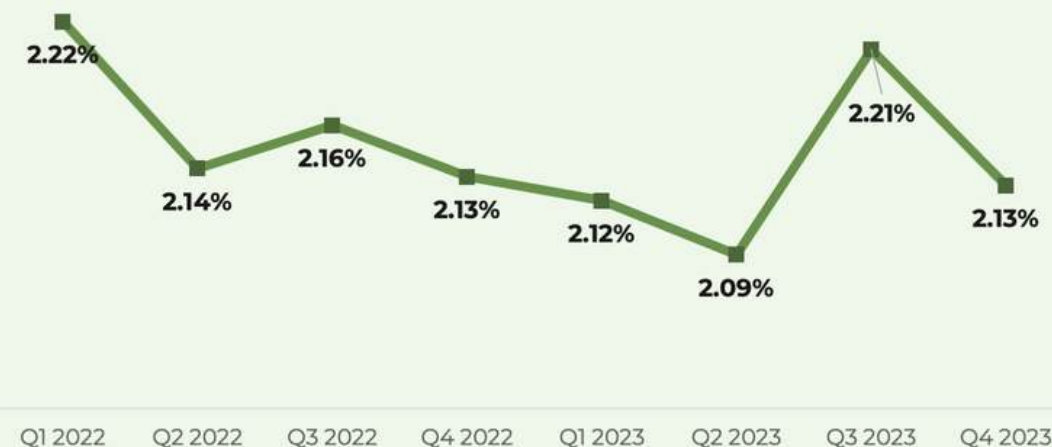


288
billion pesos
outstanding
AFF loans
as of April 2024

Total AFF Loans (in billion pesos)



Percentage Share of AFF Loans to Total Loans Outstanding



Source: BSP

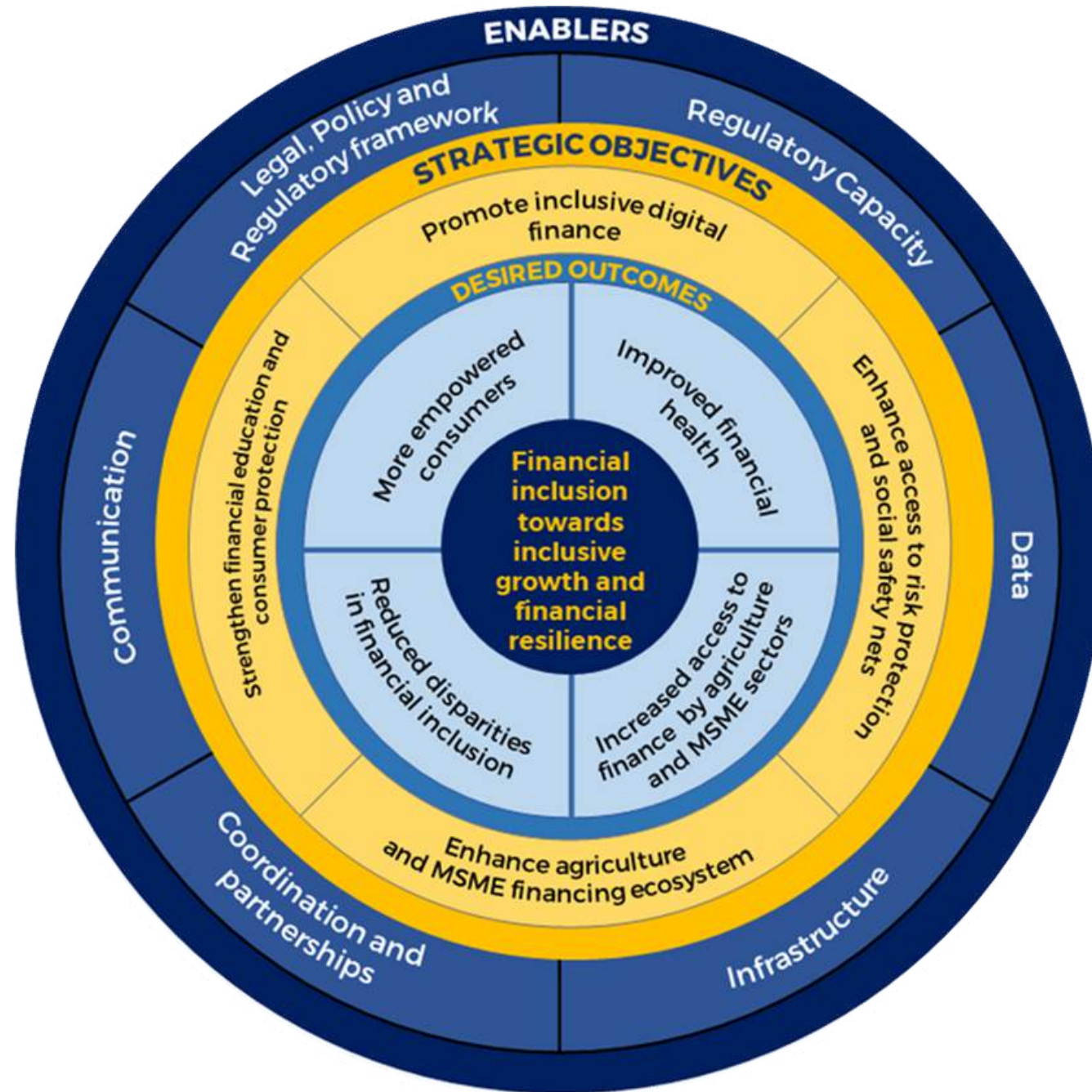
The National Strategy for Financial Inclusion 2022-2028

The Philippines launched its first financial inclusion strategy in 2015. It outlined the vision, strategic objectives, and the guiding principles for promoting financial inclusion. The launch of the 2015 NSFI led to the mainstreaming of financial inclusion as a policy objective and brought together champions from the public and private sectors to work toward its achievement.

In 2016, the interagency FISC was officially established under EO No. 208 to drive the implementation of the NSFI. Chaired by the BSP, the FISC is now composed of 21 government agencies, up from just 13 when it was created.

In November 2021, the FISC decided to come up with an updated strategy to sharpen its focus, targets, and priorities given significant developments—such as the rapidly evolving financial services landscape and changing consumer needs and preferences, compounded by the COVID-19 pandemic—since its launch six years before.

*A weaver from the T'boli tribe.
Photo by Dennis Colocutan*



A weaver from the T'bol tribe.
Photo by Dennis Cotocutan

An updated strategy

The NSFI 2022-2028, launched in January 2022, builds on the principles-based approach of the original strategy and adopts a six-year timeframe with specific interventions, outcome measures, and targets. Through these new elements, the updated strategy envisions to become not just a roadmap but also a communication tool for the country’s financial inclusion goals and stakeholder commitment.

To further promote the adoption of financial inclusion as a development agenda at the national and subnational levels, the Office of the President issued Memorandum Circular No. 97 on June 23, 2022, which institutionalized a whole-of-government support for the implementation of the NSFI 2022-2028.

Regional Development Councils (RDCs) and Local Development Councils (LDCs) have been tapped

to localize the NSFI by endorsing national financial inclusion plans, programs, and projects proposed for granular implementation in the regions, provinces, cities, and municipalities.

The vision

The NSFI 2022-2028 defines four desired outcomes as pathways to the strategy’s vision of driving financial inclusion toward broad-based growth and financial resilience. To achieve the desired outcomes, four strategic objectives will be pursued, with priority initiatives identified, taking into account the key enablers of financial inclusion.

Core groups

In May 2023, two initiative-based core groups with the aim of streamlining the implementation of priority initiatives under the NSFI were created. The core group on open data aims to focus on the potential of customer-permissioned sharing of data from both the private sector (e.g., transaction data from financial service providers (FSPs) and government agencies with mandates/responsibilities related to business registration databases and government program beneficiary registries) to support inclusion-enhancing innovations in the delivery of financial services and cash assistance programs.

The core group on movable asset financing, on the other hand, aims to address the lack of acceptable collateral as one of the impeding factors to access to finance. Movable asset financing, which utilizes goods, receivables, warehouse receipts, and crops,

among others, as acceptable collateral, can be a viable solution to address credit access barriers of MSMEs and farmers.

Scan the QR code to view the National Strategy for Financial Inclusion 2022-2028



*Always
Photo by Dennis Cotocutan*



*Young man harvesting cacao.
Photo by Mert Docdor.*

Milestones & Accomplishments

NSFI 2022 – 2028 STRATEGIC OBJECTIVES

The NSFI 2022 – 2028 specifies four strategic objectives as major areas of intervention to achieve desired outcomes and the financial inclusion vision of inclusive growth and financial resilience for all. The strategy also identifies priority initiatives, along with the primary responsible entities (e.g., government agencies, private institution partners) and timelines, with the aim of promoting greater focus and accountability on how the four objectives can be realized.

The section highlights the major accomplishments of the FISC for each strategic objective in 2023, including noteworthy financial inclusion milestones and other initiatives championed by various responsible entities.



QR Ph in Cadiz City.
Photo by John Paulo Superio.

Strategic Objective 01:

Promote Inclusive Digital Finance

Digital technology can facilitate significant cost-efficiencies and innovation that enable the viable delivery of financial services to the low-income mass market and small enterprises. To fully harness the inclusion and welfare-enhancing potential of digital innovations, we need to put in place a conducive regulatory environment with the necessary digital infrastructure that enable, if not compel, diverse market players to deliver innovative financial services that meet the varying needs and capabilities of the broader population and MSMEs.

Digital innovations should improve the customer experience, affordability, and availability of welfare-enhancing financial services beyond accounts and payments.



Dry market in Laoag City.
Photo by Hannah Adriano.

Basic Deposit Accounts and E-Money

Transaction accounts serve as an initial step in effectively managing personal finances and gaining access to a wide range of financial products and services, which include savings accounts, payment facilities, financing opportunities, investment opportunities, and insurance coverage.

Through the Basic Deposit Account (BDA), the BSP has made it much easier for Filipinos to own a transaction account. The BDA is designed to serve the unbanked by offering features that prioritize ease, accessibility, convenience, and affordability. As such, every Filipino has the opportunity to easily open an account with a minimal opening amount of one hundred pesos, no maintaining balance and dormancy charges, and simplified identification requirements.

The number of BDAs has been steadily growing since it was first introduced in 2018. As of end-December 2023, the number of accounts reached 24.2 million, an increase of 58 percent from 15.3 million in the same period in 2022. Similarly, the total amount of deposits has jumped to 36.7 billion pesos, a 207-percent rise from 12.0 billion pesos in Q4 2022. There are a total of 156 banks that offer BDAs as of the fourth quarter of 2023.¹

One of the factors that contributed to the rise in the number of BDAs was the opening of transaction accounts under the PhilSys as part of its co-location strategy from 2021 to 2022. This resulted in the addition of 7.5 million accounts. This accounts for 23 percent of the total accountholders in the first quarter of 2023.

With the shift toward digitalization in the financial services industry, there has also been an increase in the number of e-money accounts. In 2022, the number of registered e-money accounts reached 257.5 million, a 50-percent increase from 171.2 million accounts in 2021. This represents an additional 86.3 million accounts in 2022. A total of 73 electronic money issuers (EMI) have been offering e-money accounts as of the fourth quarter of 2023.

¹ *List of Banks Offering Basic Deposit Accounts (BDAs)*

² *The number of BDAs was further increased by the addition of three banks from the CARD banking group, namely Card Bank, Inc. (A Microfinance - Oriented Rural Bank), Card SME Bank, Inc. A Thrift Bank, and CARD MRI Rizal Bank, Inc., A Microfinance-Oriented Rural Bank, in the list of banks offering BDA.*

Promote adoption of the Philippine Identification System in the financial sector

In line with the objectives of Republic Act (RA) No. 11055 or the PhilSys Act to strengthen financial inclusion through the establishment of a single national identification system, the PSA and the Landbank of the Philippines (LANDBANK) implemented a co-location strategy in PhilSys registration centers from 2021 to 2022. Under the strategy, LANDBANK co-located in selected registration centers nationwide, with focus on provinces with low account ownership, to allow unbanked registrants to open a transaction account free of charge immediately after PhilSys registration. Over the course of its implementation, the LANDBANK onboarded over 8.3 million who had not possessed a formal transaction account prior to registering to PhilSys.

The LANDBANK recorded over 108,000 transactions from individuals who opened their transaction accounts through the

co-location strategy. Furthermore, a total of Php 275 million had been circulated through these transaction accounts.

In 2023, the PSA commenced its plans to implement a co-location strategy with various BSP-supervised financial institutions (BSFI) to facilitate the opening of transaction accounts for individuals who have already successfully registered to the PhilSys. The PSA signed a memorandum of agreement with Negros Occidental's Dunganon Bank, Inc., and has also been coordinating with other universal, digital, and rural banks on the proposed strategy.

Another notable development is the issuance of BSP Circular No. 1170, which amends customer due diligence regulations and defines guidelines on electronic know-your-customer (e-KYC) using a digital identity (ID) system. It mandates that the national ID be accepted as official and sufficient proof of identity, subject to proper authentication.



PhilSys on boat

In 2023, the PSA launched its “PhilSys on boat” as part of its efforts to ensure that every Filipino can register to and experience the benefits of the PhilSys. Under the initiative, PSA registration personnel use bangka or traditional outrigger canoes as mobile registration sites to reach Geographically Isolated and Disadvantaged Areas or GIDAs, including far-flung coastal barangays that are only accessible by boat.

In October 2023, the PSA implemented the initiative in Barangay Tampalan, Malamawi, Isabela City, Basilan. PSA registration personnel boarded canoes together with registration kits to register households situated near the shore. Some registered individuals also received their printed ePhilID on the spot.

As of December 2023, the PSA successfully registered over 82 million Filipinos to the PhilSys, and printed and dispatched over 50 million PhilIDs.



Promote agent network framework to increase ubiquity and affordability of cash agent services

The Agent Registry System

The Agent Registry System (ARS) is a regulatory technology (regtech) solution to effectively monitor the agent network in the Philippines. Agent networks are an important part of the BSP's strategy to enhance financial inclusion in the country, expand the financial ecosystem, and extend the reach of financial services to remote areas of the Philippines. This service channel comprises cash agents, e-money agents, and remittance sub-agents, as well as their service points or the physical touch points where agent services are provided.

Through technical support from the AFI, the development of the ARS was completed in 2022. As a

consolidated web portal, the ARS facilitates the streamlined submission, processing, and generation of data on cash agents, e-money agents, and remittance sub-agents of the BSFIs. By doing so, it can provide users with insights on, among others, the depth of penetration of agent services, as well as relevant information to create a directory in the BSP website that the public can use to search for and locate nearest service points, in accordance with applicable laws and regulations.

In 2023, select BSFIs have tested the available functionalities of the ARS and provided feedback to the BSP to further improve user experience. In addition, the policy issuance to institutionalize the submission of the Agent Registry System Report has been exposed for industry comments in December 2023. The final issuance of the policy is targeted in 2024 alongside the full system launch of the ARS.

The AFI has also published a case study of the ARS in September 2023 to showcase the collaborative development of a regtech solution for financial inclusion. The case study presents the BSP's experience in developing the ARS and shares the learnings with the AFI network members.



A shop along Calle Crisologo in Vigan City, Ilocos Sur.
Photo by Hannah Adriano.



QR Ph in Cadiz City.
Photo by John Paulo Superio.

Expand digital use cases such as interoperable bills payment, government collections and disbursements, and cross-border remittances

Electronic fund transfers facilities

In support of the National Retail Payment System, the usage of electronic fund transfers (EFT) continues to have a steady increase even in the post-pandemic period. The BSP saw a mass transition to digital means in performing transactions, including payments for purchase of goods and services and remittances.

The combined PESONet³ and InstaPay⁴ transaction volume sustains growth with 91 million transactions in November 2023, more than half compared to the same period last year.

³ A batch EFT credit payment scheme that is processed in bulk and cleared at batch intervals. Each payee/beneficiary will receive the full value in their account within the same banking day, provided the payment instruction was sent within the cut-off time.

⁴ A real-time low-value EFT credit push payment scheme for transaction amounts up to P50,000.

QR Ph person-to-person (P2P) and person-to-merchant (P2M), which use the InstaPay rail, maintained an upward trend with the recent move to differentiate its branding to boost adoption and enhance customer experience.

As approved by the industry, “QR Ph” shall be used for P2M payments and “Instapay QR” for P2P payments to address consumer confusion with payment charges to merchants.

Launched in November 2022, the interoperable⁵ bills payment facility known as the Bills Pay PH, addresses the fragmented bills payment mechanism allowing consumers to conveniently pay bills such as utilities, rent, subscriptions, credit cards, loan amortizations, and other financial obligations.

In the Bills Pay Ph facility, transactions can be performed by

scanning or uploading the QR Ph Person-to-Biller (P2B) code, or by manually supplementing the details for the non-QR mode of payment. With Bills Pay PH, consumers can enjoy paying bills with zero charges or fees incurred.

As of end-November 2023, there are 15 QR and 10 Non-QR participants for Bills Pay Ph.

Cashless Expo

In the sphere of digitalization, the first ever Cashless Expo in the Philippines was held from Nov. 17 to 19, 2023 at the World Trade Center co-organized by the BSP, DTI, and DA. The expo is aligned with Agenda 11 of the DTI e-Commerce Philippines 2022 Roadmap and the Digital Payments Transformation Roadmap 2020-2023.

Designed to encourage the usage and widespread adoption of

⁵ The state when end-users or consumers are able to transfer funds from one account to another account in any participating BSP-supervised financial institution (bank or electronic money issuer)

digital payments among MSMEs, the Cashless Expo engaged 227 merchants and exhibitors from 14 regions, assisting them to digitalize and shift from P2P to P2M transaction accounts. Using a comprehensive approach, the Expo contributed to the broader objectives of financial inclusion and the general acceptance of digital payments in the country.

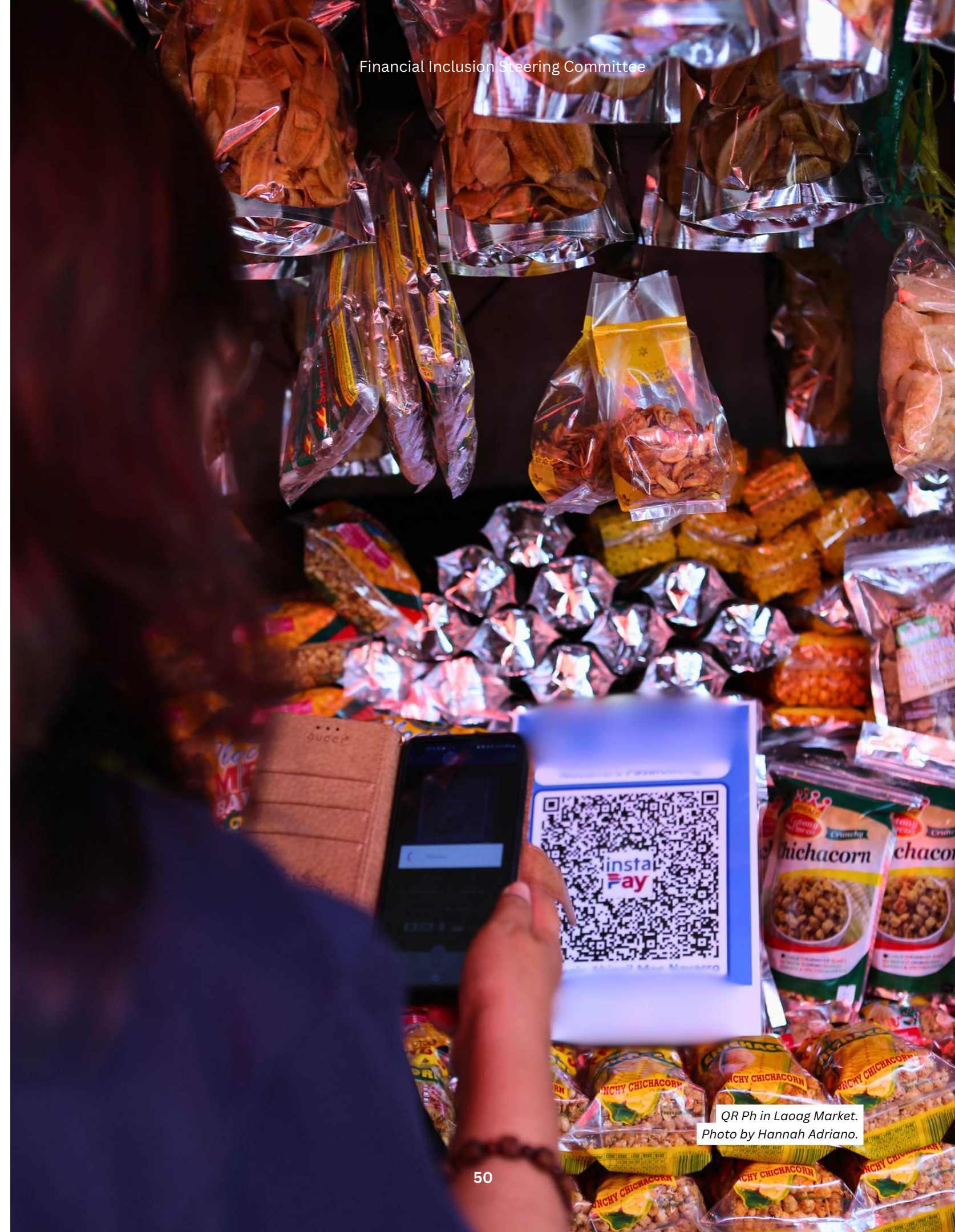
The Cashless Expo also featured a pre-event activity called Oplan Training Learning Capacity (TLC) with the objective of onboarding MSMEs to various e-commerce and digital payment platforms. A total of 12 Oplan TLC sessions were effectively conducted with seven modules covering 15 digitalization topics. The sessions featured insights from 23 resource speakers representing various organizations, including the BSP spearheading the “Digital Payments 101” module. Oplan TLC attracted participation of 74 distinct merchants, with the

highest number of rate completions from Regions I, II, III, IV-A, and VII.

A noteworthy 59.6 percent of participating exhibitors owned QR Ph P2M transaction accounts, 13.5 percent in the process of completing QR Ph P2M onboarding, and 26.9 percent had P2P accounts. Prior to the Cashless Expo, 23.3 percent or 21 merchants had P2M accounts compared to the significant increase of 78.1 percent post-event, with 4.2 percent ongoing transition to P2M.

Issued in February 2023, the BSP Memorandum No. M-2023-005 mandates all BSP-supervised Payment Service Providers (PSPs) with existing QR-enabled payment services to strictly comply with the use and display of QR Ph⁶ in their internet and mobile channels beginning July 1, 2023. Relatedly, the unique branding for the QR Ph

⁶ National standard for QR codes used for payments



QR Ph in Laoag Market.
Photo by Hannah Adriano.



(Top photo) Philippine government officials at the Cashless Expo 2023.
 (Bottom photo) BSP Deputy Governor Mamerto Tangonan speaks about the central bank's digitalization initiatives.
 Photos by the Bangko Sentral ng Pilipinas.

was introduced in November 2023 during the Cashless Expo with the goal of addressing consumer confusion regarding payment charges made to merchants.

The BSP issued Memorandum No. M-2023-037 on Dec. 15, 2023, which imposes a moratorium on the increase of fees for InstaPay and PESONet transactions and directs participants of the Automated Clearing Houses (ACHs) to refrain from increasing current fund transfer costs. Subject to BSP review, the moratorium shall be lifted when zero fees for small e-payments have been implemented by the industry. There have been seven PSPs that waived their fees for low-value transactions as of December 31, 2023.

The BSP released the draft circular⁷ dated June 14, 2023 on consumer redress mechanism,

which highlights standardizing the turnaround time in returning the funds to the sender in cases of unsuccessful transactions for PESONet and InstaPay. As of date, consultative meetings to discuss the operational impact and feasibility of presented provisions in the draft circular are ongoing with the two ACHs (i.e., PESONet and InstaPay), the Clearing Switch Operators, and the Philippine Payments Management, Inc. (PPMI), the industry-led governance body for retail payments in the Philippines.

⁷ Circular No. 1195 was issued on June 1, 2024.

eGov

The DICT is spearheading the development of 24 eGovernment platforms in its efforts to enhance and streamline public service delivery in the country. The eGov PH super app consolidates frontline services of national government agencies and LGUs into a single, user-friendly mobile application. The application allows citizens to conveniently complete transactions and access information through a mobile device, eliminating the need for physical visits and reducing the complexity of navigating through multiple government agencies.

In partnership with other government agencies, platforms envisioned to be integrated in the eGov PH super app include, among others:

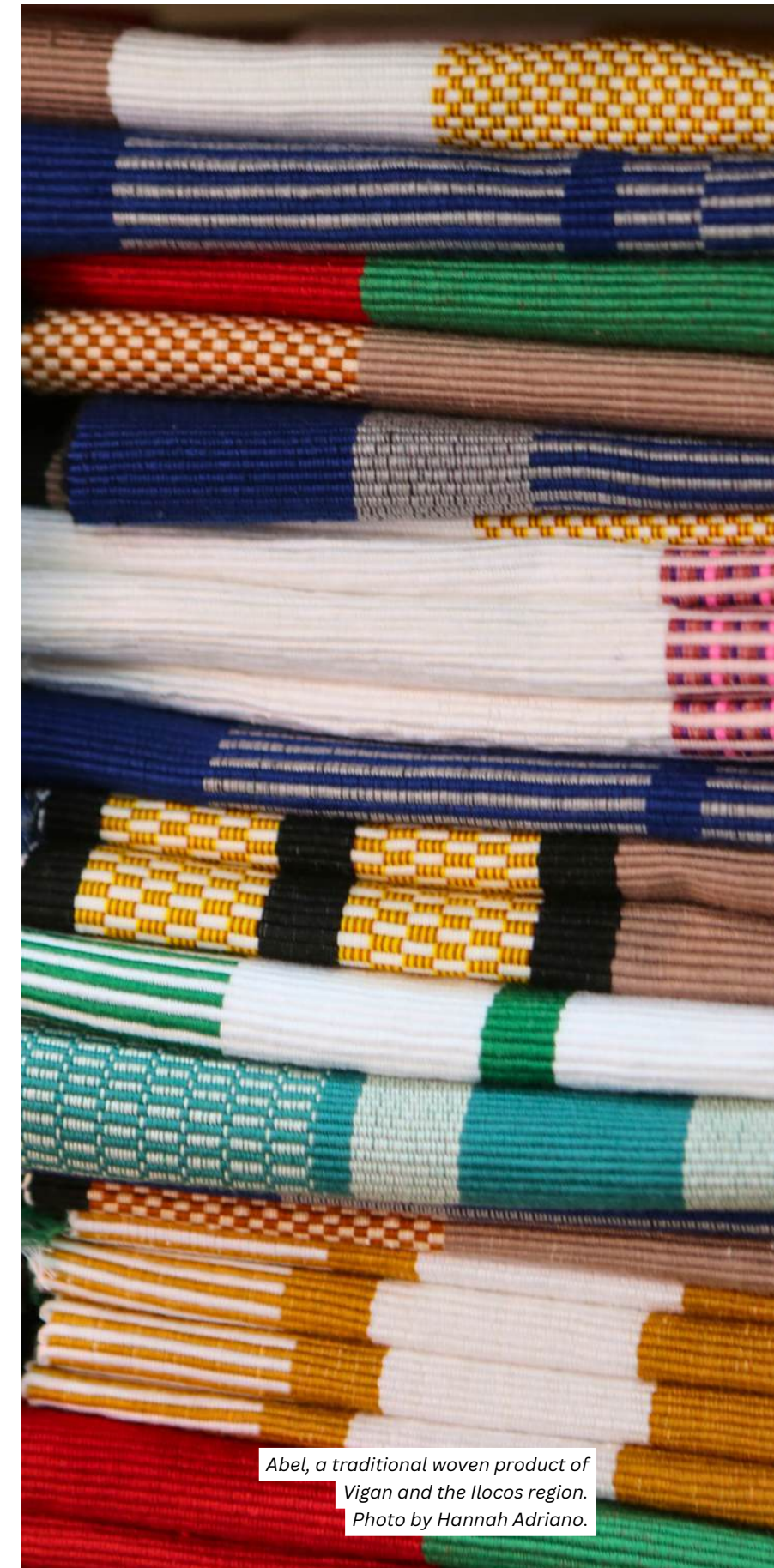
- eLGU, which offers services such as online tax payments, business registration, permit applications, and access to local government policies and documents.

- eGov Data Exchange, which aims to enable seamless and secure data exchange and interoperability across government agencies.
- eNGA, which links in one platform a user's credentials in other online government services through single-sign-in technology.
- eAgriculture, which offers timely and accurate price information to promote transparency and fairness among producers and consumers.
- eTravel, which unifies all travel applications and documents and serves as the official electronic travel declaration system of the country.

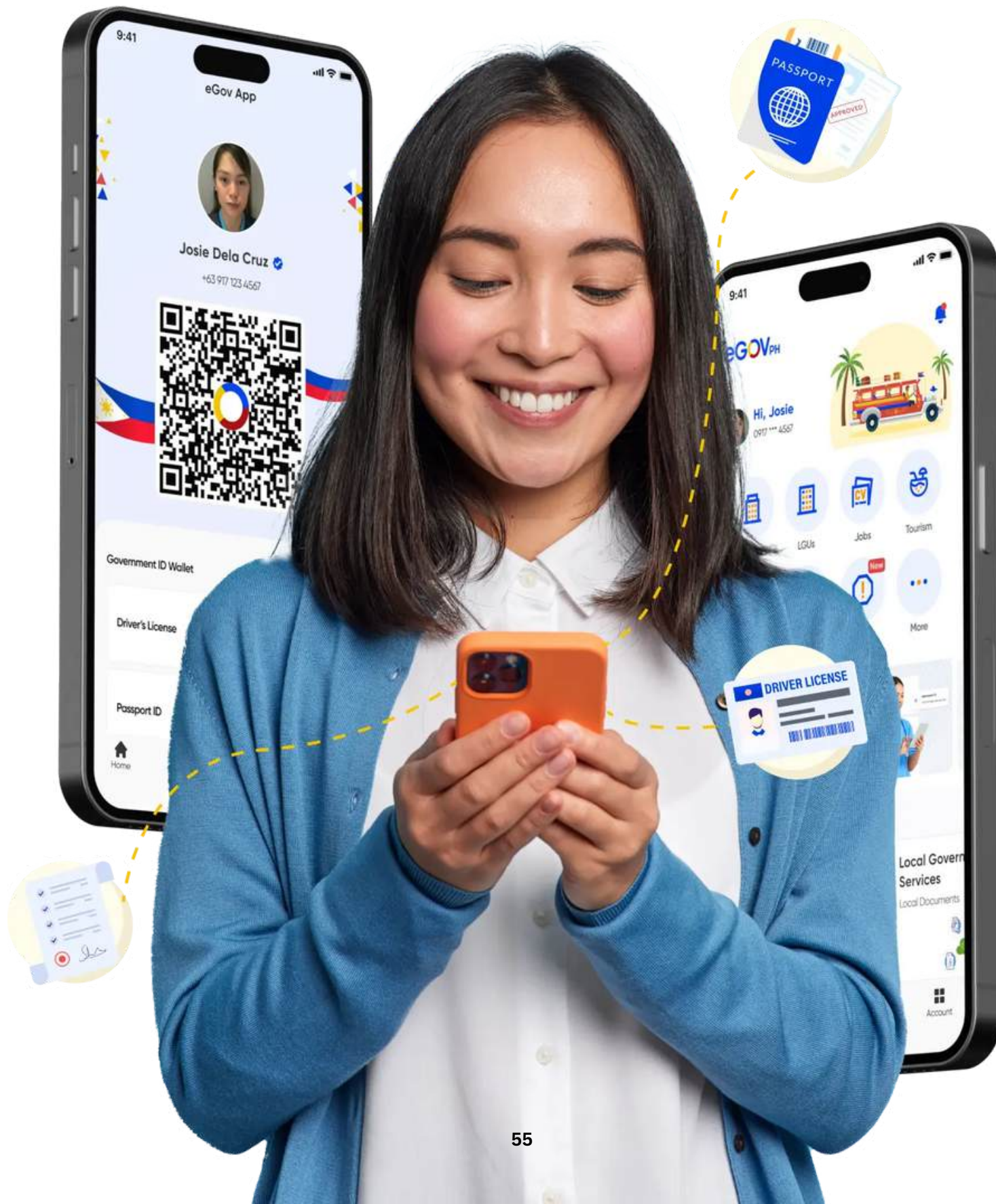
The eGov PH also simplifies the authentication and verification process of users by integrating the digital National ID. By leveraging on the digital National ID for authentication purposes, the eGov PH eliminates the need for multiple forms of identification across various government

services through a singular, reliable form of identification. As of end of 2023, the eGov PH application has generated more than 41 million digital national IDs.

Through the provision of digital solutions such as the eGov PH super app that facilitate convenient and secure access to government services, the DICT aims to simplify bureaucratic processes and democratize economic opportunities.



*Abel, a traditional woven product of Vigan and the Ilocos region.
Photo by Hannah Adriano.*



eGovPay

In pursuit of the objective of creating a robust eGovernment ecosystem, the DICT, in partnership with the DOF, has integrated the eGov PH with eGovPay, a digital payment platform designed to facilitate convenient, secure, and efficient online payment transactions for government services.

Through eGovPay, individuals can make online payments for various government fees, fines, and charges, thereby reducing the time and need for face-to-face transactions in government offices. The application is envisioned to support multiple payment methods, including credit and debit cards, online banking, and e-wallets.

The initiative is part of the broader efforts to promote digital transformation in the public sector, enhancing the ease of doing business and providing citizens with better access to government services.

SEC digital platforms

For ease of doing business and investor education and protection

In support of the government's objective to improve ease of doing business in the country through digitalization reforms, the SEC launched in June 2023 the SEC Check App 2.0 and Enhanced SEC Universal Registration Environment or eSECURE.



Manila Bay skyline.
Photo by [Paolo Syiaco](#) on Unsplash.

SEC Check App 2.0

The SEC Check App 2.0 serves as the on-the-go guide in investing and doing business in the country by providing access to the latest investor alerts, rules and regulations, and other updates from the Commission. One of its features is Check With SEC, which allows users to check whether an investment opportunity is legitimate. Check With SEC verifies in real-time.

eSECURE

The eSECURE is an online platform that electronically authenticates the identity of SEC clients, which aims to prevent unauthorized access to a company's confidential information. The platform's credentialing system also allows SEC to conduct initial, repeatable, and graduated risk-based e-Know Your Customer and biometric details capture for all members of registering and regulated entities.

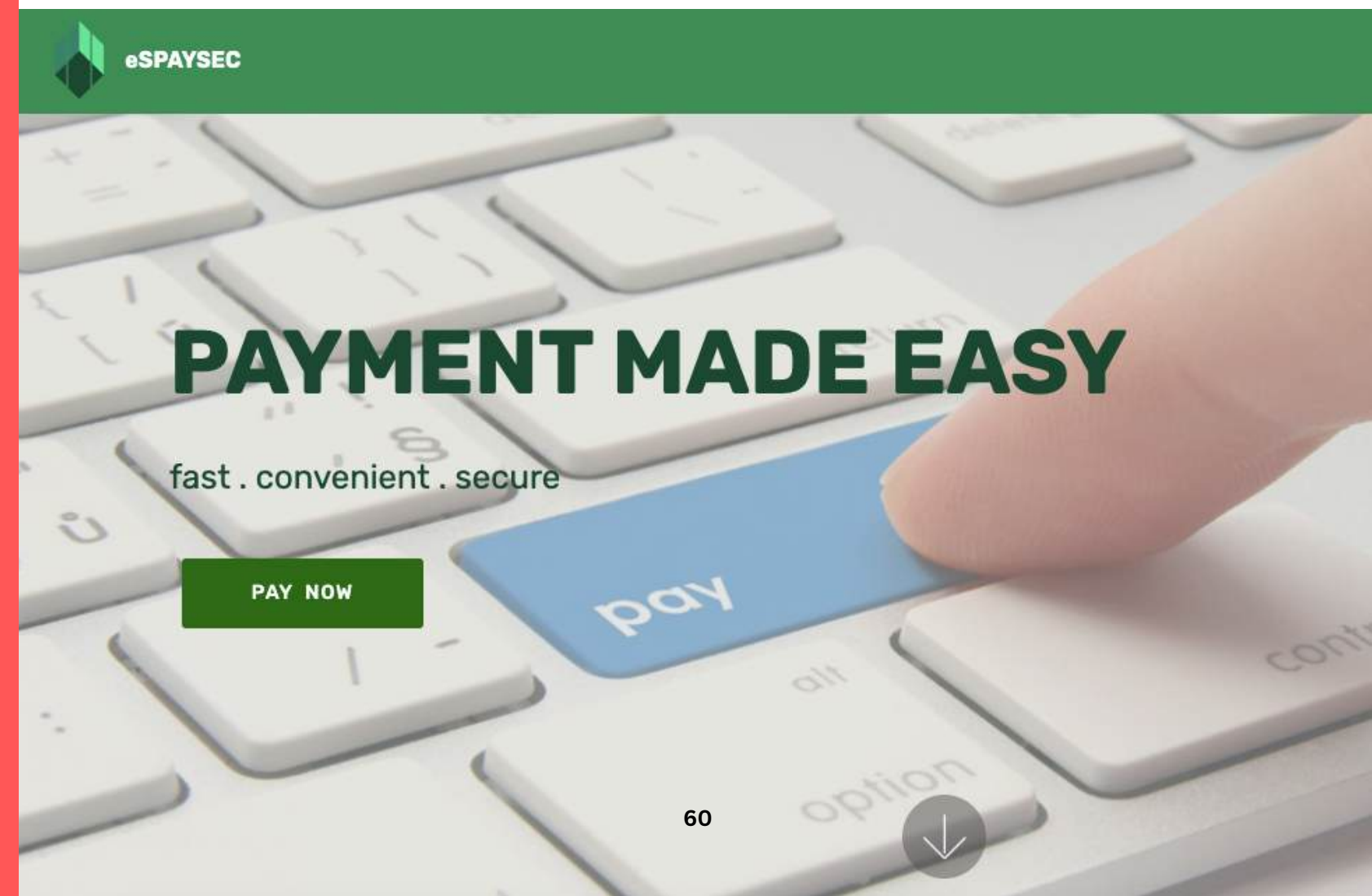
In addition to SEC Check App 2.0 and eSECURE, the SEC also launched the (1) Electronic Registry of Application for Market Participant or eRAMP, (2) Electronic SEC Education, Analysis, and Research Computing Hub or eSEARCH, and (3) SEC Application Programming Interface Marketplace. The digital platforms were launched during the celebration of SEC's 85th founding anniversary in June 2023.

eSPAYSEC

In support of EO No. 170 s. 2022, or the "Adoption of Digital Payments for Government Disbursements and Collections," the SEC completed in 2023 its full transition from face-to-face cash transactions to the Electronic System for Payment to the Securities and Exchange Commission or eSPAYSEC.

The eSPAYSEC is a web-based

system that allows for the online payment of registration, transaction, and penalty using digital wallets, debit or credit cards, and other online payment platforms. The system aims to enhance the payment settlement process for the convenience, accessibility, and security of its users. In 2023, SEC recorded over 230,000 transactions through eSPAYSEC.



DBM 2022-2026

Digital Transformation Roadmap

In 2023, the DBM launched its 2022-2028 Digital Transformation Roadmap in support of the government's ongoing efforts on digital transformation that are focused on enhancing bureaucratic efficiency and ensuring sound fiscal management. The roadmap aims to build the "convergent government hub," which is envisioned to strengthen and future-proof the public financial management ecosystem by constructing data "highways" (i.e., application programming interfaces) and building the core which would process and consolidate data for fiscal reporting.

One of the digitalization initiatives under the roadmap is the online release of Notices of Cash Allocations (NCAs), which are disbursement authorities issued quarterly by the DBM to government agencies to cover their cash requirements. The online release of NCAs is done through the DBM's Action Document Releasing System or ADRS, an online application that facilitates the release of approved DBM action documents directly to authorized users of recipient agencies.

Through this initiative, the government expects an estimated cost savings of around Php 2.8 million per month or around Php 33 million per year with the reduced costs for security paper, printing, supplies, and transportation expenses related to the physical claiming of documents.

Enable digital payments for all community markets and local transportation

Paleng-QR Ph Plus

The Paleng-QR Ph Plus initiative aims to build the digital payments ecosystem in the country by promoting QR Ph payments in public markets and local transportation.

The program seeks the policy championship of local government units (LGUs) to push for the acceptance of digital payments among market vendors, community shopkeepers, and tricycle operators and drivers (TODA) in all cities and municipalities in the country.



Victoria's City Mayor Javier Miguel Benitez trying out QR Ph during the Paleng-QR Ph Plus launch in Victoria's City, Negros Occidental. Photo by the Bangko Sentral ng Pilipinas.



Mayor Jane Yap with BSP Deputy Governor Bernadette Romulo Puyat and a market vendor during the Tagbilaran Paleng-QR Ph launch in Bohol. Photo by the Bangko Sentral ng Pilipinas.

Since the issuance in June 2022 of the BSP and DILG joint memorandum circular enjoining LGUs to implement the Paleng-QR Ph Plus initiative, the program has gained increasing support from LGUs and other stakeholders.

As of end-year 2023, a total of 70 LGUs have launched and/or issued ordinances on the program.

In 2023, the BSP also provided resource persons and conducted briefings for 19 cities and municipalities. It likewise offered technical assistance to LGUs, including guidance in the crafting of Paleng-QR Ph Plus ordinance, conduct of account onboarding, and financial literacy sessions.

It is expected that more LGUs will follow suit upon learning the benefits of being QR Ph-ready from the successful roll out of the program in neighboring towns and cities, thus, expanding its reach to more Filipinos across the country.

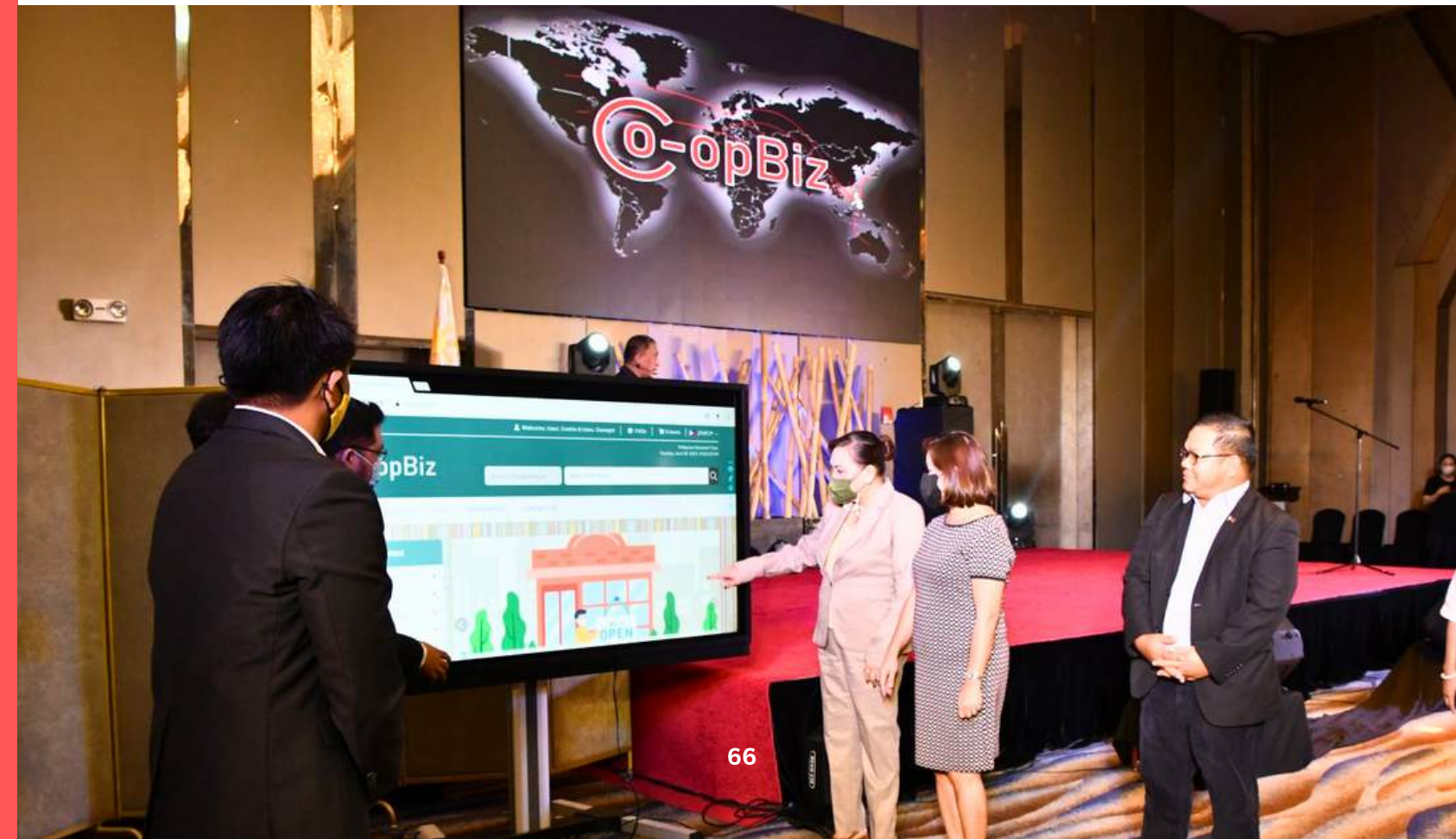
Support the digital transformation of rural financial institutions and other last-mile providers, including microfinance institutions (MFIs)

Co-opbiz.ph mobile application

Building on the success of the web based Co-opbiz.ph, the CDA is developing the Co-opbiz.ph mobile application to enable on-the-go access for both vendors and customers.

Co-opbiz.ph is an online marketplace platform launched in 2022 that aims to bring local market products produced by merchants and vendors of CDA-registered cooperatives to domestic and global customers through a digital platform.

Co-opbiz.ph includes integrated cross-border payment services and courier services. Over 150 cooperatives have registered in the platform.



Promote the implementation of an industry sandbox for digital finance innovations

Regulatory Sandbox Framework

As one of the strategic initiatives identified in the NSFI 2022–2028, the implementation of the industry sandbox for digital innovations gives importance to the potential of digital technologies in facilitating the delivery of fit-for-purpose financial services to the unserved and underserved communities.

BSP Circular No. 1153 or the Regulatory Sandbox Framework institutionalizes the test-and-learn approach adopted by the BSP in the early 2000s. The approach serves as the central bank’s mechanism to explore the potential of revolutionary technologies that support growth and development and bridge financial inclusion gaps in the Philippines. Having the framework in place enables prudent

evaluation of innovative financial technologies prior to full-scale implementation.

Coupled with continuing surveillance of the digital financial landscape, the approach allows the BSP to identify areas for regulatory improvement which supports the development of evidence-based policies surrounding advanced financial products and services.

ASTERisC* RegTech and SupTech Tool

ASTERisC* is a RegTech and SupTech cloud-based solution that automates BSP’s cybersecurity supervision while easing regulatory compliance of BSFIs. For the BSP to deploy early interventions, the system generates real-time dashboards on cyber profiles, compliance gaps, and threat intelligence—including proactive issuance of cyberthreat advisories and engagement of relevant industry stakeholders.

Since its official rollout in January 2023, several BSFIs have expressed their satisfaction and recognition of ASTERisC* in their respective cyber-risk management and compliance efforts.

The BSP received the 2023 Cyber Resilience Initiative Award conferred by the FinTech & RegTech Global Awards organized by Central Banking, a globally recognized organization that provides mainstream publications on central banking and gives global recognition to advance central banking and financial supervision.

Manila at dusk.
Photo by [JC Gellidon](#) on Unsplash.

Expand open finance use cases for mass market implementation

Open Finance Framework

The Open Finance Framework promotes consent-driven data portability, interoperability, and collaborative partnerships among entities that adhere to the same standards of data security and privacy. The potential benefits of open finance include (1) providing consumers significant control to securely share personal data; (2) easier access to fintech products and services; and (3) exposure to value-added services such as competitive credit products, and more.

Launched in June 2023 by the BSP, the Open Finance PH Pilot is a voluntary undertaking to establish an open finance ecosystem in the country.

It brings together financial institutions to co-develop an ecosystem where consumers are empowered to manage their financial data and seamlessly access a wider range of financial products and services from various providers.

On Nov. 28, 2023, the BSP and International Finance Corporation (IFC) hosted a workshop on open finance-enabled business opportunities. The event served as a platform for private sector stakeholders to engage in a comprehensive discussion on practical and business applications of open finance.





One of the workers in Crafts n' Creation in Bulacan, a small business owned by Arlene Passion. Photo by MCPI.

Building digital bridges

The Digital Financial Inclusion Awards

To continue encouraging MSMEs and MFIs to harness the transformative power of digital technology in their business operations and provide innovative digital financial services, the Microfinance Council of the Philippines (MCPI) and Citi Philippines (Citi), with the support of the BSP, held the second Digital Financial Inclusion Awards (DFIA) program ceremony in October 2023.

The DFIA, which builds on the legacy of the previous Citi Microentrepreneurship Awards (CMA) program launched in 2002, carries forward the tradition of recognizing the achievements of Filipino microentrepreneurs and MFIs.



Zamboanga Furniture by Nurfaida Jupakkal.
Photo by MCPI.

The awards program shines the spotlight on the outstanding efforts of microentrepreneurs and MFIs in successfully adopting digital solutions in their operations and the positive transformation this has brought to communities across the country.

“By encouraging innovation in microfinance, we hope to inspire more organizations to do the same,” BSP Governor Eli Remolona said in his speech during the DFIA awards ceremony held on Oct. 24, 2023. Governor Remolona also serves as DFIA National Selection Committee co-chair with Citi Philippines Chief Executive Officer Paul Favila.

“Digitalization is a bridge that connects financially underserved segments of the population to providers of formal financial services,” Governor Remolona added. “Let us build more digital bridges so that everyone may enjoy the benefits of financial inclusion.”

Twenty microentrepreneurs were given cash prizes and laptops for their innovative use of digital solutions, including e-commerce platforms, social media marketing, and e-wallets payments. The awardees were Shirley Aguinaldo, Rhodora Angeles, Joseph Arriesgado, Normanita Banagudos, Anabelle Banquero, Salome Barile, Rhea Fhene Barte, Ryme Janelle Besonaya, Cecilia Jarilla, Nurfaida Jupakkal, Joy Maniaol, Marissa Palcat, Arlene Panit, Arlene Passion, Connie Rivera, Catherine Rugnao, Floricel Sanorjo, Fely Suarez, Estrelita Tuan, and Marites Zulueta.

The businesses of the 2023 awardees ranged from food production and processing, poultry, and organic products to handicrafts weaving and printing.

The DFIA likewise recognized five MFIs for proactively taking steps toward digital transformation to continuously support and empower their MSME clients and for committing to raise awareness on the importance of microentrepreneurship in driving economic growth in the community.

The MFIs—CARD Mutually Reinforcing Institutions (CARD MRI), Kabalikat para sa Maunlad na Buhay, Inc. (KMBI), Kabuhayan sa Ganap na Kasarinlan Credit and Savings Cooperative (K-Coop), RAFI Micro-Finance, Inc., and Rural Bank of Guinobatan—were awarded cash prizes to be used for the continuous improvement of their digital financial services program.

Supporting the digital transformation of rural financial institutions and other last-mile providers including MFIs is a priority initiative of the FISC under the NSFI 2022-2028.

Push reforms to fast-track digital connectivity as enabler of inclusive digital finance

Launch of DICT Smart Village

The DICT launched the Smart Village initiative in June 2023, with Sacol Island, located five kilometers from mainland Zamboanga City, as the pilot beneficiary.

The initiative connected the island to the internet for the first time through wireless technology.

The Smart Village initiative aims to provide internet connectivity to geographically isolated and disadvantaged communities and enable residents to participate in the digital economy.

More than just internet connectivity, it will provide skills training to Sacol residents by employing a whole-of-government approach and engaging government agencies, such as the DOLE and the Technical Education and Skills Development Authority (TESDA), and partners from the private sector.

The Smart Village/Smart Island initiative is led by the International Telecommunication Union (ITU), of which the Philippines is an active member state.



Representatives from various government agencies and private institutions with the beneficiary community of the Smart Village Initiative in Sacol Island, Zamboanga City. Photo by the Philippine Information Agency.

Strategic Objective 02:

Strengthen financial education and consumer protection

An empowered and capable financial consumer needs to develop the right financial knowledge, skills, and behavior. Equally important is an appropriate regulatory environment to strengthen the market conduct of all types of providers.

*A weaver from the T'boli tribe.
Photo by Dennis Cotocutan.*



Develop and implement a common framework for effective, consistent, and sustainable delivery, monitoring, and evaluation of financial literacy programs

New partnerships

In June 2023, the BSP signed a Memorandum of Agreement (MOA) with the Commission on Higher Education (CHED)¹ to develop a personal finance course module for college students.

To cater to the lower-income and underserved sectors,² the BSP also signed new MOAs in 2023 with the TESDA and the Department of Migrant Workers (DMW).

TESDA and BSP aim to improve the financial literacy of more than

four million technical and vocational learners through a free online personal finance course.

On the other hand, the BSP will continue the Pinansyal na Talino at Kaalaman (PiTaKa) Campaign to reach more Overseas Filipino Workers (OFWs) as well as their families through current and upcoming welfare programs of DMW and its attached agencies.

Financial education materials

The BSP launched in June 2023 the KITA (Kapital at Ipon Tungo sa Asenso) Mo Na! Fin-Ed Game, developed for the credit beneficiaries³ of the Department of Agriculture–Agricultural Credit Policy Council (DA-ACPC).

In November 2023, the BSP launched the Armed Forces of the Philippines (AFP) Fin-Ed Trainer’s Manual to capacitate 161,000 military and civilian personnel of the AFP.

Continuation of ongoing initiatives

Education sector

The DepEd has integrated fin-ed concepts into the K to 12 curriculum since the issuance of

its Financial Education Policy or Department Order 022, s. 2021. From 2019 to 2023, the DepEd Learning Resource Portal recorded a total of 97,066 downloads for the first batch of lesson exemplars that the BSP co-developed with DepEd.

In February 2023, DepEd developed a monitoring and evaluation (M&E) framework and tool to track the progress of integrating financial literacy concepts in select subjects across grade levels. The M&E tool was validated in November 2023 concurrent with the finalization of the second batch of lesson exemplars. These contain key fin-ed concepts for incorporation into various subjects at different grade levels.⁴

¹ Along with other partners including the NEDA, and member-agencies of the Consumer Protection and Education Committee (CPEC) under the Financial Sector Forum (FSF)—namely IC, PDIC, SEC, and private sector partner BPI Foundation.

² Under the NSFI, the underserved segments include small farmers and fisherfolk, migrant workers and their families, informal sector workers, and micro, small, and medium enterprises. In the BSP’s fin-ed partnerships, the lower income and underserved sectors also include technical and vocational learners, and beneficiaries of the government’s conditional cash transfer program.

³ DA-ACPC credit beneficiaries include small farmers, fisherfolk, livestock raisers, young agripreneurs, and repatriated OFWs engaged in agribusiness.

⁴ Kindergarten (Sining, Kabutihang Asal, Kalusugang Pisikal, and Socio-Emotional Development); and for Grades 1 to 12 (English, Filipino, Mathematics, Science, Araling Panlipunan, Technology and Livelihood Education, Edukasyon sa Pagpapakatao, and Homeroom Guidance Program).



Lower-income and underserved sector

The BSP conducted capacity-building activities, including TOTs, for 255 trainers from key government partners, such as DA-ACPC, DTI, and the DMW.

The BSP also provided supplementary personal finance management sessions for 473 Municipal Welfare Officers from the DSWD who conduct financial literacy trainings during Family Development Sessions for Pantawid Pamilyang Pilipino Program beneficiaries.

Additionally, the BSP conducted financial learning sessions (FLS) for over 150 employees of the DTI and the Civil Service Commission (CSC).

In 2023, trainers from the Civil Service Institute (CSI)⁵ cascaded these financial literacy sessions to 1,743 employees of various government agencies.

Meanwhile, trainers from the DA-Bureau of Fisheries and Aquatic Resources (DA-BFAR) started rolling out the fin-ed simulation game called Fish N' LEarn⁶ to impart key messages on financial literacy and marine conservation among fisherfolk beneficiaries of DA-BFAR programs. Fish N' LEarn sessions were conducted among 4,367 fisherfolk nationwide in 2023.

⁵ The Civil Service Institute (CSI) is the training arm of the Civil Service Commission. CSI provides direct training and personnel development interventions to all government officials and employees.

⁶ Co-developed with the BSP and private partners such as BDO Foundation, USAID Fish Right Program, and PATH Foundation.

Institutionalize an annual financial education stakeholder conference to sustain consistent adoption of the common framework

The Fin-Ed Stakeholders Congress is an annual event that brings together public and private partners in financial education. It showcases joint programs of the BSP and its institutional partners, fosters synergy, builds a network of advocates, and provides learning sessions.

In 2023, the BSP organized an in-person congress and conducted online learning sessions to reach a broader audience, drawing over 189,000 stakeholders, development partners, fin-ed advocates, and the public.



The Fin-Ed Stakeholders Congress. Photos by the Bangko Sentral ng Pilipinas.





Dried fish vendor in Cadiz City.
Photo by John Paulo Superio.

Develop innovative platforms for financial literacy training, including online and alternative modes of delivery

E-learning programs and financial learning sessions

The BSP signed a MOA with BDO Foundation (BDOF) in May 2023 for the implementation of the Economic and Financial E-Learning (EFEL) Project. This project aims to expand the reach of economic and fin-ed through its online platform. Nine e-learning courses⁷ are being developed with BDOF, which will be accessible to the public by 2024.

The BSP also delivers personal financial management sessions through traditional in-person and virtual learning formats.

In 2023, the central bank reached more than 28,000 participants through the conduct of these sessions.

PisoLit on social media

The BSP actively engages its target audiences online through PisoLit, a fin-ed social media page that provides relatable and practical financial tips and resources, scam prevention reminders, consumer protection advisories, and economic education. Since its launch in 2017, the PisoLit has grown its online community to more than 64,000 followers.⁸

⁷ These courses include financial planning, saving and budgeting, debt management, basics of investing, fraud and scams, financial consumer protection, digital financial literacy, Personal Equity and Retirement Account, and relevant economic indicators.

⁸ Cumulative followers on Facebook, Twitter and Instagram

Paleng-QR Ph Program financial literacy component

The BSP supports the digital financial literacy component of the Paleng-QR Ph program—a joint initiative by the central bank and the DILG, targeting market vendors, public utility vehicle drivers, and business establishments nationwide. To date, digital financial literacy sessions have been conducted for 5,885 stakeholders (*see related article on pp. 63-65*).

WODP Plus

The Workers Organization Development Program Plus or WODP Plus Training Grants of the DOLE aims to enhance the financial acumen and business skills of workers' organizations. The training modules include courses on financial literacy, which cover fundamental financial concepts and skills, and courses on business planning, which focus more developing business plans and understanding financial

products and digital payment systems.

In partnership with the National Anti-Poverty Commission–Workers in the Informal Sector Council, the DOLE also arranged a financial management training for individuals working in or with the informal sector.

'Be a Wise Saver' and 'Maniguro, Magbangko, Umasenso' campaigns

In 2023, the PDIC continued the implementation of its financial education and consumer protection campaigns as part of its efforts to promote safe and responsible banking.

Under its flagship program “Be a Wise Saver,” the PDIC and its partner agencies conducted 26 financial literacy sessions catering to more than 4,500 individuals in 2023. Launched in 2009, the program offers financial literacy sessions on responsible banking habits to existing depositors,

depositors of closed banks, and members of vulnerable groups. For the upcoming modules of the campaign, the PDIC also aims to incorporate topics on digital literacy.

Under the multimedia public awareness campaign “Maniguro, Magbangko,” the PDIC developed and aired two television commercials, three radio commercials, and five radio segment episodes in 2023. To help ensure Filipinos in the countryside are reached, radio commercials that were translated

into various local dialects such as Cebuano, Ilokano, Pangasinense, and Waray were aired over local radio stations. Launched in 2021, the campaign promotes two key messages in protecting one's finances: “Maniguro,” or the mindset of securing one's future; and “Magbangko,” or the habit of saving in banks as a secure way of handling hard-earned money. In 2023, a follow-up campaign was also launched which extended the theme to “Maniguro, Magbangko, Umasenso” to promote one's financial advancement.



Jeepney driver in Cagayan De Oro.
Photo by [Rainier Ridao](#) on Unsplash.

Digital financial literacy for 4Ps beneficiaries

In pursuit of strengthening the financial inclusivity of Pantawid Pamilyang Pilipino Program (4Ps) beneficiaries, the DSWD commenced its 4Ps digital financial literacy program in 2023. The initiative aims to (a) explore new strategies that will aid in the timely and accurate receipt of cash grants, (b) provide enhanced and contextualized session guides and learning resources, (c) recalibrate existing policies and information management systems (i.e., enhanced business process on transferring of grants), and (d) establish partnership among DSWD implementers, LGUs, and FSPs toward efficient and effective service delivery.

In 2024, the DSWD will be launching its pilot implementation activities, which will include a nationwide roll-out where 4Ps beneficiaries will be given the option to enroll their preferred digital wallets for cash grants. Once completed, the DSWD

envisions the transfer of 4Ps cash grants through these enrolled digital wallets.

The DSWD has partnered with the BARMM Ministry of Social Services, LANDBANK, Ayala Foundation, BPI Foundation, Maya Philippines, GCash, and LGUs in the implementation of the initiative.

The digital financial literacy is an offshoot of the existing Financial Education Sessions conducted through the 4Ps Development Sessions. The initiative is envisioned to support the government's thrust to develop an inclusive digital finance ecosystem, as enshrined in the Digital Transformation Roadmap and the NSFI.

Personal Finance 101: “My Peso and I”

In 2023, the NEDA signed a multi-party MOA to establish Personal Finance 101: “My Peso and I” curriculum as a three-unit elective course for selected higher education institutions (HEIs) nationwide. The curriculum aims to provide college students with fundamental knowledge and skills necessary to achieve financial independence by learning the basics of financial planning tools and techniques and developing analytical skills to make crucial financial decisions.

The NEDA aims to consistently support the integration of Personal Finance 101 in HEIs and provide guidance in the development of course modules and other deliverables in all phases to ensure the successful implementation of the program.

For this initiative, the NEDA is partnering with several government agencies and private institutions, including the BSP, CHED, BPI Foundation Inc., and members of the FSF, such as IC, PDIC, and SEC.⁹

⁹ <https://neda.gov.ph/neda-inks-moa-on-financial-education-program-for-college-students-with-key-agencies/>



College students in Manila.
Photo by [Wander Fleur](#) on Unsplash.



Carbon Market in Cebu City.
Photo by [Hitoshi Namura on Unsplash](#).

Strengthen prudential regulation and supervision and market conduct capabilities of financial regulators, including for cybersecurity

Issuance of Implementing Rules and Regulations of the Financial Products and Services Consumer Protection Act (FCPA)¹⁰

In 2023, the BSP, SEC, IC, and CDA issued their respective IRRs of RA No. 11765 or the Financial Products and Services Consumer Protection Act. The Act, which was enacted in 2022, provides an all-encompassing legal foundation for instilling market discipline and protecting the rights of financial consumers. Pursuant to the Act, the BSP, SEC, IC, and CDA as financial regulators issued the IRR through memorandum circulars that cover the financial products and services and/or financial

service providers within their jurisdictions.

In March 2023, the BSP issued Circular No. 1169 or the “Rules of Procedure for the Consumer Assistance Mechanism, Mediation, and Adjudication of Cases in BSP.” The circular, one of two issued by the BSP along with Circular No. 1160, provides the rules that govern the handling of complaints filed with the BSP by financial consumers against BSP-supervised institutions and the remedies that may be availed of by financial consumers.

In March 2023, the IC issued its Insurance Memorandum Circular No. 2023-1 which provided rules and regulations for financial products or services regulated by the Commission. These include, among others, life, non-life, pre-need, and health maintenance organizations products.

¹⁰ <https://www.bsp.gov.ph/Regulations/Issuances/2023/1169.pdf>
https://www.bsp.gov.ph/Media_and_Research/Primers%20Faqs/FAQ_on_Circular_No._1169.pdf
<https://www.insurance.gov.ph/imc2023-01/>

In April 2023, the SEC issued Memorandum Circular No. 5, s. 2023 which provided its rules and regulations for all financial products and services and financial service providers under its jurisdiction. These cover credit, securities, and investments, and digital financial products or services, among others.

The SEC is currently drafting the Body of Knowledge for its Certification Program for Investment Adviser Representatives who are covered by the law.

In July 2023, the CDA issued Memorandum Circular 2023-14 which provided the specific obligations of cooperatives that provide financial products and/or services. The issuance aims to institutionalize consumer protection as an integral component of cooperative governance and culture. To

support the issuance of the circular, the CDA conducted orientations attended by more than 1,800 cooperative leaders, members, and CDA personnel.

SEC ASTIG¹¹

The SEC’s Anti-Scam and Illegal Taking of Investments Group or ASTIG is a sub-group of the SEC Campaign Network focused on proactive and prompt enforcement actions against investment scams and other predatory practices. Among the pioneer government agencies of the sub-group are DILG and the DMW, with both agencies signing agreements with the SEC in 2023. Under the partnership of SEC and DMW, the SEC aims to tap the resources of DMW in improving the financial and debt management skills of OFWs through the expansion of the reach of its financial literacy and investment scam awareness programs.

¹¹ SEC, DMW join forces to protect OFWs from investment scams; SEC, DILG forge ties to combat investment scams, promote financial literacy.



SEC Commissioner Karlo S. Bello (left) and Chairperson Emilio B. Aquino (center left) ink a deal with the DMW, represented by Secretary Hans Leo J. Cacadac and Undersecretary Bernard P. Olalia, to protect OFWs from investment scams in a signing ceremony at the SEC Headquarters on Oct. 11, 2023.

Through these programs, the SEC aims to empower OFWs to spot investment scams and enhance their financial management knowledge.

On the other hand, the SEC and DILG aim to design and develop financial literacy programs and investment scam awareness activities that improve the knowledge of the public on financial and debt management.

The partnership seeks to empower and harness the reach of local government units in tackling investment scams and promoting financial literacy across the country.



A weaver from the T'boli tribe.
Photo by Dennis Catacutan.

Strategic Objective 03:

Enhance access to risk protection and social safety nets

Well-designed public and private social protection mechanisms such as cash assistance, health and unemployment insurance, disaster risk insurance, and pension can promote financial inclusion and resilience especially in the vulnerable sector.

Strategic interventions should support the development and enhancement of these mechanisms toward optimizing the financial inclusion and resilience impact on the target beneficiaries. Financial inclusion can also enhance the efficiency and coverage of the program through digital finance.

Convert limited-purposes cash card accounts used for government cash transfer programs into full-service transaction accounts

Upgrading of 4Ps cash cards into basic deposit accounts

To enable the beneficiaries of the 4Ps to fully harness the benefits of a transaction account, the DSWD, in partnership with LANDBANK, continues to convert beneficiary cash cards to full-service transaction accounts. As of end-2023, the 4Ps accounts that have been converted to basic deposit accounts reached 98.22 percent.

Through this initiative, beneficiaries are able to deposit savings, receive funds, and access other welfare-enhancing features of a transaction account.



Leverage PhilSys to improve registration and payment of social welfare and cash assistance beneficiaries

PhilSys use case for DSWD-AICS Program

In their efforts to streamline the process of financial assistance provision under the DSWD– Assistance to Individuals in Crisis Situation or AICS, the PSA and DSWD are exploring the use of the PhilSys digital identification and digital payments solutions through the Open Government to Person Platform or OpenG2P.

The salient features of this initiative include (a) offline authentication by scanning the PhilID / ePhilID, (b) use of the OpenG2P application for registry, beneficiary management, and payments, (c) integration with payment systems to enable digital cash transfer, and (d) use of digital vouchers for benefit claims.

The PSA and DSWD conducted a pilot demonstration of the system from July 7 to 12, 2023 at the DSWD Central Office. The results of this pilot were used as inputs for DSWD’s internal system development.



A captain of a fishing boat in El Nido, Palawan. Photo by Gianni Orsatti on Unsplash.

Adopt digital solutions for social safety net programs to streamline enrollment, contribution payment, and claims and records processing

Digitalization of the registration and payout of DSWD Crisis Intervention Unit¹

The DSWD, in partnership with LANDBANK, aims to digitalize the registration and payout of the DSWD Crisis Intervention Unit to further improve the delivery of social welfare and development programs and services.

The DSWD Crisis Intervention Unit provides integrated services such as immediate rescue and protection, provision of direct financial and material assistance, augmentation assistance during disasters, and referrals for immediate medical, legal,

psychological and other services, including temporary shelter to clients.

The unit implements the DSWD Assistance to Individuals in Crisis Situation Program or AICS Program, one of the social welfare services of the DSWD that provides medical assistance, burial, transportation, education, food, or financial assistance for other support services or needs of a person or a family.

As of March 2023, the DSWD has commenced the development of the Crisis Intervention Services System for the automation of the end-to-end process of the AICS Program. The DSWD has also prepared the terms of reference for the Crisis Intervention Services System for the procurement of consulting services to augment the department's digitalization team.



President Ferdinand R. Marcos Jr. (center) and Department of Social Welfare and Development Secretary Rex Gatchalian (left) lead the distribution of the Electronic Benefit Transfer (EBT) cards during the kickoff of the "Walang Gutom 2027: Food Stamp Program" in Siargao Island, Surigao del Norte on Sept. 29, 2023.

Use of Electronic Benefit Transfer cards for the Walang Gutom 2027: Food Stamp Program²

In 2023, the Office of the President issued EO No. 44 establishing the Walang Gutom 2027: Food Stamp Program. The program aims to decrease the incidence of involuntary hunger experienced by low-income households through Electronic Benefit Transfer or EBT cards.

Implemented by the DSWD, the

program provides Php 3,000 worth of food benefits through the EBT cards on a monthly basis to enable beneficiaries to purchase select food commodities from eligible partner merchants.

In September 2023, President Ferdinand R. Marcos, Jr. officially launched the Food Stamp Program in Siargao Island, Surigao del Norte.

¹ https://www.dswd.gov.ph/issuances/AOs/AO_2003-075.pdf; <https://aics.dswd.gov.ph/aics-program/>

² https://pco.gov.ph/news_releases/palace-issues-EO-no-44-establishing-walang-gutom-2027-food-stamp-program-as-major-govt-program/

Strategic Objective 04:

Enhance agriculture and MSME financing system

A sustainable financing ecosystem is one that enables and attracts diverse players to serve the agriculture and MSME clients, including startups, as a strategic market segment. This necessitates having in place the financial infrastructure (e.g., credit guarantees, credit information registry) and legal frameworks (e.g., secured transactions framework) aimed at reducing the risks and associated costs of serving these sectors.

Government assistance programs, financial or nonfinancial, can be designed in a way that increases the income potential and bankability of their beneficiaries. As the agriculture and MSME sectors are increasingly recognized as a strategic market, more financial institutions would invest in developing the specialized skills, tools, and approaches to effectively compete for this market.

*A weaver from the T'boli tribe.
Photo by Dennis Cotocutan*



*Woman preparing rice and separating the grain in Batad
Photo by [Helena Pfisterer](#) on Unsplash.*

Demand-side Survey

Recognizing the prevailing data gaps in MSME finance in the country, the Asian Development Bank (ADB) led a quantitative survey among 1,000 enterprises—600 of which are women-owned MSMEs (WMSMEs). This initiative aims to provide a comprehensive snapshot of the financial inclusion landscape of MSMEs in the country. With particular focus on WMSMEs, the survey offers valuable insights into their needs, challenges, and behavior toward financial services and credit. The findings of the survey are expected to generate evidence and bring about data-backed interventions that will help cultivate a transformative and inclusive entrepreneurial environment for MSMEs regardless of gender.

The final report entitled, “Measuring Progress on Women’s Financial Inclusion and Entrepreneurship in the Philippines: Results from a Micro, Small, and Medium-Sized Enterprise Survey” was published in October 2023 with technical inputs and guidance from the BSP, DTI, PCW, and PSA.

This project forms part of ADB’s knowledge and technical assistance to promote transformative gender equality in developing member countries, including the Philippines.² The quantitative component of the MSME survey was conducted in 2021, along with in-depth interviews and focus group discussions among select respondents and interviews with several financial service providers.

Survey results highlight the gap in the utilization of banking services between women business owners and their male counterparts across a variety of account types and financial services. Male entrepreneurs also exhibit a greater inclination in the use of digital banking apps or e-wallets than their female counterparts. In addition, respondents identify access to credit and capital as the second most notable barrier to growth for MSMEs, next to high competition. Consequently, WMSMEs were also observed to be more reluctant in seeking funding than men-owned MSMEs as the application process, documentary requirements, and costs were often seen as tedious and complex.

Nevertheless, gender-disaggregated finance data on MSMEs remain scarce. This lack of regularly published data limits the policymakers’ capacity to provide timely and targeted interventions to improve the financial access and health of this important segment of the economy. In light of these, the BSP’s implementation of the SBLAF is expected to support evidence-based policymaking for MSMEs by providing gender data of businesses that apply for loans through BSP-supervised financial institutions.

¹ ADB (2023), <https://www.adb.org/publications/women-financial-inclusion-entrepreneurship-philippines>

² Promoting Transformative Gender Equality Agenda in Asia and the Pacific: Technical Assistance Report (ADB), <https://www.adb.org/projects/documents/reg-52214-001-tar>

Fast-track implementation of RA 11337 (Innovative Startup Act)

SET-UP 4.0

The Small Enterprise Technology Upgrading Program 4.0 or SET-UP 4.0 is the DOST's banner program that provides MSMEs with firm-level assistance, which include, among others, technology transfer, training, laboratory services, packaging assistance, and consultancy services, and access to the innovation-enabling fund iFund.

In support of the vision of an “innovative, resilient, sustainable, and globally competitive” SME sector, the program aims to make MSMEs “SMARTER,” which stands for “Sustainable Economy, Market Competence, Able Human Capital, Responsive Science and Technology, Support Infrastructure, Technology and Innovation, Enterprise Support, Resilience and Continuity.” In

2023, the DOST provided over 640 MSMEs with its iFund amounting to over Php 740 million. The program is envisioned to continue until 2030.

A rice farmer in Batad, Ifugao.
Photo by [Helena Pfisterer](#) on Unsplash.

Develop, enhance, and promote the use of credit risk information support (e.g., Credit Information System, Credit Risk Database) for all financial institutions

Standard Business Loan Application Form (SBLAF)

The Standard Business Loan Application Form (SBLAF) refers to prescribed templates that are designed to make the loan application process more streamlined and borrower-friendly for its target users, MSMEs. BSP Circular No. 1156, which was issued on Sept. 30, 2022 and took effect on Oct. 28, 2022, mandates the adoption of the SBLAF among banks and other covered institutions under BSP supervision. Covered entities are given 18 months from the effectivity date, which ends on April 28, 2024, to fully comply with SBLAF requirements. In consideration of the requisite changes to their systems and

processes, the BSP Monetary Board approved on Dec. 28, 2023 the 20% discount rate in the assessed annual supervisory fee or Php 2 million, whichever is lower, for 2024 and 2025 as regulatory incentive for SBLAF early adopters.

Meanwhile, the BSP is working on the operationalization of the SBLAF reportorial requirements. For this, a memorandum to all covered entities, which sets out the guidelines on the submission of the SBLAF report, is targeted to be released in 2024.

Launch of the CRD Scoring Model

Financial Inclusion Steering Committee



Bangko Sentral ng Pilipinas (BSP) Governor Felipe M. Medalla (fourth from left) led the launch of the Credit Risk Database Scoring Model with (from left) Monetary Board Member Peter B. Favila, Japan International Cooperation Agency Philippines Chief Representative Sakamoto Takema, Japanese Ambassador to the Philippines Koshikawa Kazuhiko, BSP Deputy Governor Bernadette Romulo Puyat, and Deputy Governor Eduardo G. Bobier.

Credit Risk Database

The Credit Risk Database (CRD) refers to the joint initiative between the BSP and the Japan International Cooperation Agency (JICA) that aims to enhance access to credit of small and medium-sized enterprises (SME).

The CRD entails the creation of a scoring model that determines the probability of default of a typical SME borrower. A large-scale database of anonymized financial, non-financial, and default-related data of SMEs is

utilized by the scoring model.

By providing an additional tool for banks and other lenders to assess the creditworthiness of SMEs, the scoring model aims to amplify lender confidence in financing underserved SMEs especially those without existing credit histories and adequate collateral.

The construction of the CRD database and credit scoring model was completed during the CRD's three-year Phase I which ended on March 31, 2023. On April 25, 2023, the BSP and JICA jointly

launched the CRD scoring model attended by then BSP Governor Felipe Medalla, Japanese Ambassador Koshikawa Kazuhiko, JICA Representative Sakamoto Takema, and officers of the 32 pioneer participating banks that voluntarily provided data to build the CRD.

The BSP and JICA are currently implementing the one-year extension of Phase I which covers maintenance of the database, validation of the scoring model, and the provision of the CRD scoring service to the participating financial institutions.

To achieve an effective and sustainable operation of the CRD in the Philippines as the first country outside Japan to adopt the scoring model, the BSP is set to enter into Phase II with JICA for a period of two years.

Strengthen the Credit Surety Fund (CSF) as an LGU-based credit enhancement scheme

The CSF is an advocacy program of the BSP to support MSMEs in their role as drivers of inclusive economic growth. It aims to increase the creditworthiness of MSMEs that are experiencing difficulty in obtaining loans from banks due to a lack of acceptable collateral, credit knowledge, and a credit track record.

The CSF serves as an alternative to hard collaterals by providing a maximum surety cover of 80 percent to loans granted by banks to MSMEs. The fund is created from the pooled contributions of participating cooperatives/non-government organizations, LGUs, and partner institutions, including the Development Bank of the Philippines (DBP), LANDBANK, and Philippine Guarantee Corporation (PGC).

In 2023, the BSP facilitated training modules and seminars for

the CSF cooperatives, in line with Republic Act No. 10744 or the CSF Cooperative Act of 2015.

The three in-person training sessions focused on business planning and proposal making topics for Cauayan City, Cabanatuan City, and Laguna CSF cooperatives. The BSP, through its training services provider, also conducted five business planning workshop sessions in Q4 2023 for various CSF cooperatives.³

The BSP likewise facilitated strategic planning seminars for registered CSF cooperatives. To date, there are 15 CSF cooperatives⁴ that have undergone strategic planning sessions provided by the BSP.

In addition, the BSP also accommodated requests from the LGUs and/or the CDA in sharing

the CSF program to interested LGUs. To date, the BSP has oriented 11 LGUs⁵ on the CSF program.

As of end-December 2023, there are 37 registered CSF cooperatives in the country, including the Province of Camarines Norte as the most recently organized CSF.

³ Baguio City, Benguet, Ifugao, Sta. Rosa City, Butuan City, Agusan del Norte, Dinagat Islands, Tacurong City, and Aklan CSF Cooperatives.

⁴ Tacloban City, Palawan, Davao City, Davao de Oro, Digos City, Baguio City, Benguet, Bohol, Butuan City, Agusan del Norte, Province of Cotabato, Occidental Mindoro, Tacurong City, and Dinagat Islands

⁵ Camarines Norte, Tabuk City, Kalinga, Alaminos City, Quirino Province, Zamboanga City, Lucena City, Pasay City, Mandaluyong City, Apayao Province, and Malolos, Bulacan.

1st National CSF Cooperative Congress

The 1st National CSF Cooperative Congress was held in Cebu City on Oct. 24 to 26, 2023 and attended by nearly 500 delegates.

With the theme “CSF Cooperative: a key in achieving financial inclusion towards socio-economic growth and countryside development,” the three-day congress served as a venue to address the issues confronting the CSF sector. The event gathered the important players of the program: LGUs, banks, and government agencies, and officers and members of cooperatives. The participants also discussed proposed amendments to the IRR of RA 10744.

Representatives from partner stakeholders LBP, DBP and PGC served as resource persons during the Congress as a testament to their commitment to the program.



The 1st National Credit Surety Fund (CSF) Congress was spearheaded by the Mandaue City Credit Surety Fund Cooperative and the City of Mandaue Local Government. Photos by the Cooperative Development Authority.



Ensure effective implementation of the Personal Property Security Act and support passage of law promoting credible warehouse receipts system

Movable Asset Financing

Movable Asset Financing (MAF), which includes warehouse receipts and supply chain finance (SCF), is a priority initiative in the NSFI for the MSME and agriculture sectors.

MAF covers movable assets such as machinery, accounts receivable, and inventory which often account for most of the capital stock of private firms, especially MSMEs. As a lending methodology, MAF leverages movable assets as collateral as opposed to traditional real estate which MSMEs often lack.

The IFC completed a study in 2022 on the SCF Market Development in the Philippines. Subsequently, the BSP supported the dissemination of the study results through several activities such as the conduct of the Small and Medium Enterprises Banking Knowledge Sharing and Training Program in February 2023, bilateral meetings with relevant stakeholders during the IFC's scoping mission in May 2023, and a briefing session for the PGC on Credit Insurance in July 2023.

The BSP also continues to support the proposed Warehouse Receipts (WR) Bill which aims to modernize the century old WR Law of 1912 (RA 2137) and make it more responsive to the development needs of the agriculture and MSME sectors. House Bill No. 198 (An Act Providing for the Revised Warehouse Receipts Law of the Philippines) was approved

Banaue Rice Terraces in Ifugao.
Photo by Ashton Jalra Garcia on
Unsplash.

⁶ The World Bank - Development Research Group (2013). *Collateral Registries for Movable Assets*. <https://openknowledge.worldbank.org/bitstream/handle/10986/15839/WPS6477.pdf>

by the House of Representatives and subsequently transmitted to the Senate in May 2023.

In support of the bill's passage, the BSP and IFC co-hosted a roundtable discussion on WR finance in October 2023 with resource speakers and over 40 representatives from banking associations, government agencies, and the private sector. Aside from tackling the legislative process for the WR bill, the attendees exchanged knowledge on WR finance practice in developed markets, the needs of the agriculture sector, and the next steps for the country's lenders and policymakers to move forward with WR finance.

Relatedly, the FISC approved the creation of a core group to spearhead the promotion of MAF in the country. The core group will be tasked to shepherd key legislative proposals, including the WR bill, and implement strategic initiatives covering market education on MAF among

key stakeholders. Together with the BSP, DA, DTI, and SEC, the DOF and Land Registration Authority (LRA) have been initially identified to comprise the MAF Core Group. The group is set to convene its first meeting in Q1 2024.



A farmer in the fields of Ifugao.
Photo by [Eduardo Prim](#) on Unsplash.



Public market in Manila.
Photo by [Jerry Kavan](#) on Unsplash.

Strengthen capabilities of rural financial institutions for sustainable and innovative agriculture and MSME lending

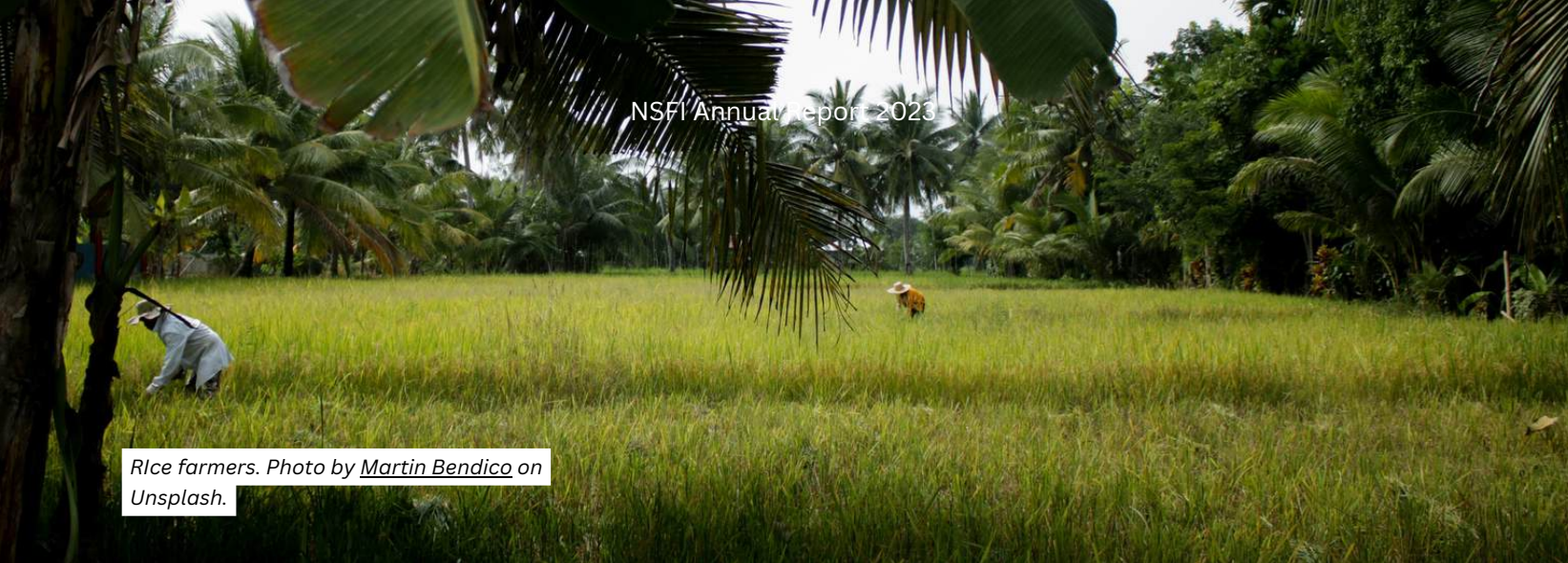
ALERT ARBOs

The Accessible Loans for Empowered, Resilient, and Transformed Reform Beneficiaries’ Organizations or ALERT ARBOs is a program that assists Agrarian Reform Beneficiaries (ARBs) whose organizations are currently ineligible for loans. Launched in 2022, it is a collaborative effort among the DA, DAR, LANDBANK, and ACPC.

Under the program, eligible Agrarian Reform Beneficiaries’ Organizations (ARBOs) can access loans that they can then re-lend to eligible ARBs for financing agricultural production projects and activities, including crop production, agri-enterprise, and other livelihood projects.

The program also provides additional support services and institutional capacity building to ensure sustainable and income-generating crop production.

Since its inception in 2022, the program has provided credit assistance and conducted capacity development initiatives for 65 ARBO borrowers, directly benefiting 3,715 ARBs. As of end-2023, the program has successfully graduated 51 ARBOs, transforming these organizations into creditworthy and bankable entities which can access the regular credit windows of LANDBANK and other financial institutions.



Rice farmers. Photo by [Martin Bendico](#) on Unsplash.

DA lending programs

In 2023, the DA, through the ACPC, continued to provide micro and small agri-enterprises with accessible and affordable credit through its existing innovative lending programs.

ANYO

The Agri-Negosyo Loan or ANYO Program was able to provide Php 1.6 billion in loans to 15,227 small farmers and fishers and 104 small agri-fishery enterprises. The ANYO program, which was launched in 2020, aims to provide credit to eligible beneficiaries to help boost the efficiency, productivity, and profitability of agri-fishery farms and other non-farm income-generating activities.

KAYA

The Kapital Access for Young Agripreneurs or KAYA Program was able to provide over Php 26 billion in loans to its beneficiaries. The KAYA Program, which was launched in 2020, aims to encourage young agri-fishery graduates to engage in agriculture, fishery, and agribusiness ventures by offering credit and capacity-building initiatives.

SURE

The Survival and Recovery Loan Assistance (SURE) provided over Php 160 million to 11,276 beneficiaries. The SURE Program, which was launched in 2017, aims to provide immediate relief to small farmers and fisherfolk affected by calamities, disasters, and unforeseen events.

Promote agriculture value chain and supply chain financing for MSMEs

RA 11901 or “The Agriculture, Fisheries, and Rural Development Financing Enhancement Act of 2022”

To level the understanding on the expectations under RA 11901 or “The Agriculture, Fisheries and Rural Development Financing Enhancement Act of 2022” and its IRR, the BSP conducted briefings in 2023 on the features of the mandatory Agriculture, Fisheries and Rural Development (AFRD) Financing to different banking industry associations.

RA 11901 provides a comprehensive financing framework for the development of the agriculture and fisheries sector and rural communities. In particular,

agritourism, digitalization of agricultural activities and processes, public rural infrastructure, programs that promote health and wellness of rural communities, and activities that improve livelihood skills.

The BSP has also provided inputs to the LANDBANK, Development Bank of the Philippines, Al-Amanah Islamic Bank of the Philippines, and ACPC on the implementing guidelines relative to the mechanisms mandated in RA 11901 that are under their purview.

Moreover, the BSP has issued Circular No. 1174 dated June 9, 2023 to amend the IRR and prudential reports relative to the mandatory AFRD Financing. The report will allow the BSP to monitor compliance of banks with the AFRD financing requirement as well as capture data that can be used to assess effectiveness of the provisions of the law and inform policymaking.

Agricultural Value Chain Financing

Agricultural Value Chain Financing or AVCF refers to the variety of financial services provided by financial institutions to one or more businesses and/or stakeholders within the agriculture value chain.⁷ AVCF requires data and information relevant to the commodity value chain to be collected, assessed, and analyzed to provide a clear picture of credit risks inherent in a particular commodity. It encourages the linking of various actors in an agricultural value chain, which can help reduce the credit risk of participating smallholder farmers and fisherfolk.⁸

The BSP, with technical support from the ADB, implemented the pilot AVCF project to demonstrate the viability of AVCF within the

agriculture financing ecosystem. The pilot project consisted of training sessions, mentoring, and field visits for six participating pilot banks⁹ from September 2019 to December 2023. The experiences and insights gained from the AVCF pilot implementation were documented in two key resources: (i) the AVCF Toolkit, which outlines the various steps, processes, and procedures that should be undertaken when implementing the AVCF approach; and (ii) case studies that synthesize the issues encountered by the banks and lessons learned during the pilot implementation.

The project's next phase will be handled by the DA's ACPC following its formal turnover from the BSP and ADB to the Council in February 2024. ACPC plans to spearhead capacity building for financial institutions under a dedicated AVCP program and

provide initial funding for relending to qualified borrowers in the value chain.

SEC Farms

In line with the administration's priority programs on farm clustering and consolidation, modernization, and industrialization, the SEC issued Memorandum Circular No. 8, s. 2023 or the guidelines for the Securing and Expanding Capital for Farms and Agri-business Related Modernization Schemes or SEC FARMS. The program aims to streamline the requirements and procedures for agri-based

companies registering securities for the purpose of raising capital for agricultural projects.

Through the program, agri-businesses can raise up to Php 500 million per project and applications can be approved 28 days from filing, subject to the guidelines. In addition to its objective of helping agri-businesses raise capital, SEC FARMS also aims to expand the available sound and legitimate investment opportunities for Filipinos, especially for OFWs. SEC FARMS is implemented by SEC, in partnership with the BSP, DTI, DOF, and DA.

⁷ https://www.adb.org/sites/default/files/project-documents/49386/49386-001-tacr-en_0.pdf

⁸ <https://www.bsp.gov.ph/Regulations/Issuances/2016/c908.pdf>

⁹ List of participating pilot banks: 1) 1st Valley Bank (1VB), 2) First Philippine Partners Bank (FPPB) (formerly Rural Bank of Sta. Catalina), 3) New Rural Bank of San Leonardo (NRBSL), 4) Rizal Microbank (RMB), 5) Producers Savings Bank Corporation (Producers Bank), and 6) One Cooperative Bank (formerly Metro South Cooperative Bank)



A farmer in the fields of El Nido, Palawan.
Photo by [Frederik Rosar](#) on Unsplash.



The Sulu Provincial Capitol located at the heart of Jolo, the capital town of the province. Photo by the Bangko Sentral ng Pilipinas.

Promote Islamic financing

Islamic banking unit licenses

In 2023, the BSP introduced Circular No. 1173 to provide flexibility in the grant of Islamic banking unit (IBU) licenses and incentivize qualified conventional banks to test, explore, and develop the market for Islamic banking products and services. The issuance of the circular dated April 19, 2023 is aligned with the mandate under RA 11439, or the Islamic Banking Law, to provide an enabling regulatory environment for Islamic banks to operate alongside its conventional banking counterparts and support the entry of a critical mass of Islamic banking players in the country.

The policy follows the BSP's flexible and progressive approach on Islamic banking—all types of qualified conventional banks can be allowed to operate an IBU within a transitory period not exceeding five years with

prudential relief to meet the minimum capitalization requirement based on the actual number of branches/units used in Islamic banking operations.

The dynamic policy paved for the grant of the first IBU license to Card Bank Inc. (a Microfinance-Oriented Rural Bank) in June 2023, which inaugurated the operations of its Islamic banking branch in Cotabato City on Jan. 22, 2024.

The regulatory initiative was complemented by the successful landmark debut of the Philippines' maiden Sukuk (Islamic bonds)¹⁰ in the global Islamic financial markets (see related article below). This was followed by another milestone with the December 15, 2023 inauguration and operationalization of the Shari'ah Supervisory Board or the SSB, the primary mandate of which is to issue Shari'ah opinions on Islamic banking products and services, upon request by stakeholders.

¹⁰ This refers to certificates of equal value representing undivided shares in ownership of tangible assets, usufructs, and services or (in the ownership of) assets of particular projects or special investment activity that is undertaken in accordance with Shari'ah principles.

Sukuk issuance¹¹

To further promote Islamic banking and finance in the country, the Philippines priced its landmark sukuk issuance in November 2023. Utilizing real assets under ijara¹² (lease) and wakala¹³ (agency contract), together with a Commodity Murabaha aspect, the sukuk issuance marked the first time the Philippines tapped global Islamic financial markets in this structure. The issuance, which has a size of USD 1 billion and a tenor of 5.5 years, enabled the Philippines to diversify its global investor base and tap on Islamic-focused investors across the Middle East, illustrating the ability of the country to leverage its stable market conditions and access to international capital markets.

The BSP will collaborate with the SEC to strengthen the enabling

regulatory framework on sukuk aligned with the government’s initiatives to deepen domestic capital market. In developing the primary regulatory framework for the Philippine capital market, the SEC has conducted a comprehensive market research, initiated stakeholder consultations and surveys to deepen its understanding of the best practices of other Islamic markets and to yield insights on market sentiments and preferences.



A showcase of the t'nalak weave.
Photo by the Bangko Sentral ng Pilipinas.

“The success of our inaugural sukuk issuance affirms the Republic’s significant standing in the international capital markets and underscores investors’ conviction in our financial inclusion agenda. We hope this transaction will create positive momentum for Islamic banking and finance in the Philippines, and we look forward to the active participation of all stakeholders.”

— Benjamin E. Diokno, Former Finance Secretary and Monetary Board Member

¹¹ <https://www.treasury.gov.ph/wp-content/uploads/2023/11/ROP-Sukuk-2023-Press-Release-30-November-2023.pdf>

¹² Ijara refers to a binding contract of lease where the usufruct of an asset owned by the lessor is sold to the lessee against the payment of a specified amount of rent for a specified period.

¹³ Wakala refers to an arrangement wherein one party known as the principal authorizes another party known as the agent or wakil to perform a particular task as may be delegated by the principal, with or without imposition of a fee.



BSP Islamic Banking and Finance Core Team wins Presidential Lingkod Bayan Group Award¹⁴

In 2023, the BSP Islamic Banking and Finance (IBF) Core Team—composed of Assistant Governor Arifa Ala, Deputy Director Noel Tiana, Mesdames Anna Lisa Atienza and Winnie Claire Jamoner-Carbonel—was named the regional winner of the Presidential Lingkod Bayan Group Award for its outstanding contributions in developing Islamic finance in the country. The Presidential Lingkod Bayan Award is awarded to public servants who have demonstrated exceptional behavior and provided outstanding contributions to the nation.

The CSC awarded the citation to BSP Governor Eli Remolona, Jr. and the IBF Core Team in a ceremony held at the BSP Head Office, as part of the CSC's 2023 Search for Outstanding Government Workers.

Committed to serve the Filipino people, the team was able to strengthen collaborative efforts to support the Islamic Banking Law and to facilitate its prompt implementation. The team played a major role in the enactment of the said law and brought key accomplishments, including the creation of the Islamic Finance Coordination Forum that facilitates a coordinated whole-of-government approach in promoting Islamic banking and finance in the Philippines. The team also worked for the establishment of the Shari'ah Supervisory Board in BARMM and provided strong support to the BTr in its first sovereign sukuk (Islamic bonds) issuance.

It also spearheaded capacity-building programs for stakeholders. These efforts have created an enabling regulatory environment for Islamic banks to operate along with conventional banks, and paved the way for the entry of more Islamic banking players in the system. As such, opportunities for greater financial inclusion have opened especially among underserved Filipinos, both Muslims and non-Muslims alike.

¹⁴ https://www.bsp.gov.ph/SitePages/MediaAndResearch/MediaDisp.aspx?ItemId=6874#:~:text=The%20Islamic%20Banking%20and%20Finance,Islamic%20finance%20in%20the%20country_

Increase SME access to capital markets through the SME BOARD

Roadshows on Capital Formation for MSMEs and Start-Ups¹⁵

In 2023, the SEC launched its Roadshows on Capital Formation for MSMEs and Start-ups which aimed to promote the capital market as an alternative funding avenue for MSMEs and start-ups. The roadshows encouraged MSMEs to participate in crowdfunding, which is a method of fundraising through a large number of investors. Throughout its course, 11 roadshows, where over 9,000 participants attended, were conducted in major cities nationwide. The roadshows successfully generated over 300 crowdfunding leads and 10 Philippine Stock Exchange (PSE) listing leads, which in turn, raised over Php 1 billion capital from over 300 companies for 1,143 MSME projects.

To support the roadshows, the SEC also launched Call-A-Friend and Engage with SEC or CAFÉ SEC. These allow roadshow participants to reconnect with crowdfunding intermediaries and the PSE for inquiries about their financing needs and additional information on capital market-based products and services.

¹⁵ <https://www.dof.gov.ph/sec-intensifies-capital-market-promotion-to-help-small-businesses-raise-funds/>

Use of maiden name in bank and financial transactions¹⁶

As the primary policymaking and coordinating body on women and gender equality concerns, the PCW issued Memorandum Circular No. 2023-04 in 2023 reminding banks and financial institutions in the country of the rights of married women to use their maiden name in their transactions. This is in response to cases where some institutions still require married women to use their married name in official documents and transactions despite the existence of legal provisions granting them the right to use their maiden name. Under Philippine law, married women have the option to continuously use their maiden name in their transactions.

The memorandum reminds banks and financial institutions to (a) allow married women to use their maiden name as provided under the law in all types of transactions, including account opening, loan applications, credit card applications, and other financial services provided, (b) update all communication channels to explicitly state that married women have the right to use their maiden name in their transactions, and (c) review internal policies, procedures, and systems to ensure compliance with existing laws and jurisprudence.

¹⁶ <https://pcw.gov.ph/pcw-memorandum-circular-no-2023-04-use-of-maiden-name-by-married-women-in-bank-and-financial-transactions-in-accordance-with-existing-laws-and-pertinent-jurisprudence/>

Promote green and sustainable finance that benefits smallholder farmers and MSMEs

In championing the sustainability agenda in the financial system, the BSP recognizes that climate change poses significant risks to the safety and soundness of individual financial institutions and the stability of the financial system. Nonetheless, indiscriminate adoption of this agenda may lead to unintended consequences that could severely affect the vulnerable segment, including the MSMEs.

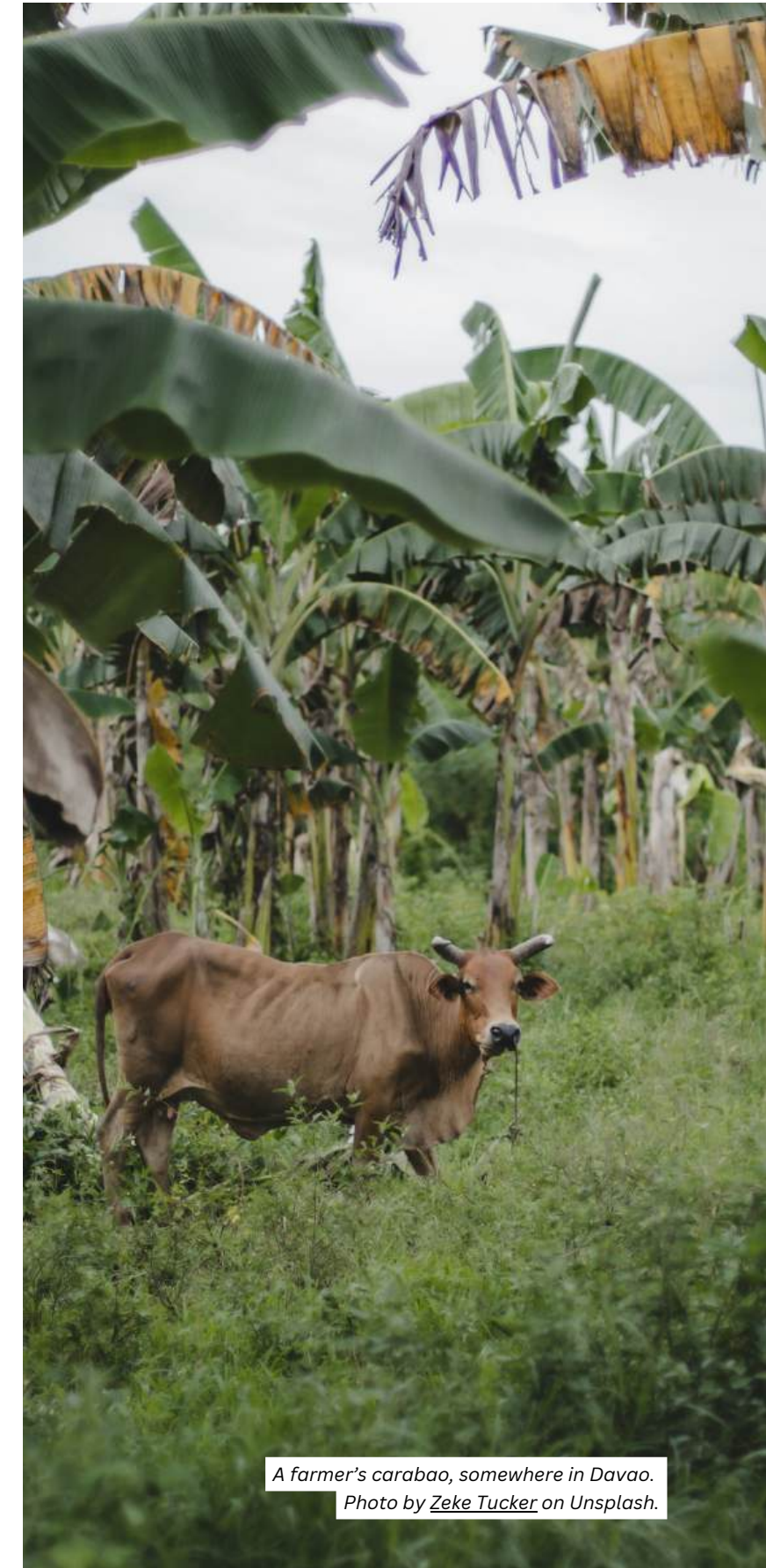
The MSME sector is a key driver of inclusive and sustainable economic growth of the country. For the past three years, the BSP has developed strategies pursuing individual objectives of promoting financial inclusion, digital transformation, and sustainability. These strategic thrusts are inextricably linked to support the vulnerable sector.

Under the NSFI, one of the desired key outcomes is to promote a sustainable financing ecosystem targeting MSMEs, start-ups, and the agriculture sector. Initiatives aimed at reducing risks and costs in providing financing to the MSME sector are done such as developing credit infrastructure, promoting innovative financing, and addressing demand-side barriers.

In line with the BSP Digital Payments Transformation Roadmap, enabling policies for digital transformation and financial inclusion were issued such as digital banks, open finance, and regulatory sandbox.

Lastly, in the BSP's 11-point Sustainable Central Banking Program, the promotion of inclusive green finance is one of the committed initiatives, consistent with the BSP's roles as Enabler, Mobilizer, and Doer in adopting the sustainability agenda.

The BSP can also act as convenor to bring together relevant stakeholders from both the public and private sectors to assist and capacitate the MSMEs as well as support innovative financial products in funding potential climate change mitigation and adaptation initiatives.



*A farmer's carabao, somewhere in Davao.
Photo by [Zeke Tucker](#) on Unsplash.*

Blue bonds

To help promote the Philippines as the preferred option for sustainable projects, SEC launched in December 2023 its guidelines on the issuance of blue bonds in the country. This is in line with efforts to address sustainable water management and ocean protection while boosting capital market participation.

The proceeds of blue bonds are to be used exclusively to finance or refinance new and/or existing eligible blue projects and activities, which include, among others, sustainable fisheries management, responsible aquaculture, and marine conservation. The SEC issued its guidelines on the issuance of green bonds, which proceeds are exclusively applied to finance or refinance, in part or in full, existing eligible green projects, in August 2018.



International engagements

Active involvement in various international fora fosters meaningful exchange of country experiences and best practices, as well as the development of innovative solutions in pursuit of shared goals and aspirations. The FISC, through its member agencies, closely collaborates with key players and contributors within and beyond the country toward achieving the vision of inclusive and sustainable growth. In particular, members engage with foreign counterparts, partners, and stakeholders as part of international financial inclusion agenda setting and thought leadership.

Regional and global initiatives

The promotion of digital financial inclusion (DFI) on the regional and global scales continues through various knowledge exchange and capacity-building initiatives. In the latter half of 2023, the BSP participated as a resource institution in virtual training sessions for Bank Indonesia (BI) officers on Digital Financial Inclusion organized by the Bank Indonesia Institute (BINS) with the ADB.

Development partners such as the AFI, Center for Financial Inclusion (CFI)-Accion, Consultative Group to Assist the Poor (CGAP), United Nations Capital Development Fund (UNCDF), and World Bank joined the BSP for the virtual training sessions.

Members of the FISC also continue to play an active part both in participatory and leadership capacities in the

various Association of Southeast Asian Nations (ASEAN) sectoral bodies with direct or cross-cutting financial inclusion workstreams, including the Working Committee on Financial Inclusion (WC-FINC) and ASEAN Coordinating Committee on Micro, Small, and Medium Enterprises (ACCMSME). Representation is likewise present in high-level groupings such as the ASEAN Capital Markets Forum (ACMF), ASEAN Insurance Regulators Meeting (AIRM), ASEAN Finance Ministers and Central Bank Deputies Meeting (AFCDM), Senior Level Committee (SLC) on ASEAN Financial Integration, and ASEAN Finance Ministers and Central Bank Governors Meeting (AFMGM).



From top to bottom: 15th ASEAN WC-FINC Meeting in Bali, Indonesia; World Bank courtesy call during the 2023 AFI GPF in Manila; AFI GPF technical breakout sessions. Photos by Bank of Indonesia and Banko Sentral ng Pilipinas.



Stability, Sustainability, and Inclusivity

Philippines hosts 2023 Alliance for Financial Inclusion Global Policy Forum

With the goal of demonstrating its steadfast commitment to financial inclusion, the Philippines in collaboration with the AFI hosted the 2023 Global Policy Forum (GPF) at the Philippine International Convention Center in Manila from September 12 to 15, 2023.





AFI GPF participants included heads and senior officials of central banks, government institutions, ministries of finance, financial regulators, standard-setting bodies, international organizations, financial service providers, technology companies, mobile network operators, payment platforms, researchers and technical experts, and partner institutions. During the four days of high-level dialogue and peer-to-peer exchange, national financial inclusion strategies and policies were developed and improved. About 700 delegates from over 70 countries attended the 2023 AFI GPF.

The role of financial inclusion

The event theme, “Stability, Sustainability, and Inclusivity for Shared Prosperity,” emphasized the transformational impact of technology and the role of financial inclusion and sustainable development in monetary and financial stability. The 2023 AFI GPF logo, on the other hand, featured a pearl-inspired design representing the Philippines’ popular historical sobriquet, “Pearl of the Orient Seas,” and colors and shapes resonating with agility and dynamism—some of the most essential values that underpin the pursuit of financial inclusion.

During the opening ceremony, Governor Eli Remolona, Jr. emphasized that given the difficult challenges facing the world today, “there is a compelling need to continue to share, support, and learn from one another on how to lift more people out of poverty through financial inclusion.”



From left to right: AFI Board Chair and Reserve Bank of Fiji Governor Ariff Ali, DSWD Secretary Rex Gatchalian, BSP Governor Eli Remolona, Jr., Founding Chair of the Asia School of Business and former Bank Negara Malaysia Governor Zeti Aziz, and AFI Executive Director Alfred Hannig

AFI Executive Director Alfred Hannig, for his part, shared that in the 15 years since AFI was created, members of the institution have brought over 840 million people into the financial system through enlightened national policies and strategies on financial inclusion. “We must emphasize that financial inclusion is a complementary—not a competing—objective to monetary and financial stability,” he explained.

Furthermore, Dr. Zeti Aziz, Founding Chair of the Asia School of Business, underscored in her speech that the financial inclusion agenda will prosper in a financial ecosystem that supports transformational advancement.

As the keynote speaker of the 2023 AFI GPF, DSWD Secretary Rex Gatchalian highlighted the importance of innovating and breaking down barriers in promoting financial inclusion. He said, “Financial inclusion is a multifaceted journey that requires dedication, innovation, and collaboration.” (see related article on pp. 147-150)





FISC members at the 2023 AFI GPF. BSP Governor Eli Remolona, Jr. (fourth from left), DSWD Secretary Rex Gatchalian and Finance Secretary Benjamin Diokno with AFI officials and central bank heads.

Manila Manifesto

In previous GPFs, the AFI and host country issued an accord, action plan, declaration, or statement that outlined specific goals in relation to an identified aspect of financial inclusion named after the event venue of the host country. The Manila Manifesto, the product of the 2023 AFI GPF, is anchored on the interplay of inclusion and stability objectives of the members, which is aligned with the 2023 AFI GPF theme.

With the aim of further setting out the AFI network's commitment to coordinate, collaborate, and engage with global standard-setting bodies, the Manila Manifesto covers opportunities and challenges in promoting innovation with both stability and inclusion in mind. It acknowledges the need to harness data for inclusion entailing broader collaborations with regulators outside the financial inclusion sector.

The AFI is a global network of 86 member institutions from 81 countries owned and led by member central banks and regulatory financial institutions to help policymakers drive financial inclusion. Through AFI's support, countries globally have successfully developed over 900 policy approaches that boost financial inclusion while balancing safety and stability.

2023 AFI GPF

DSWD Secretary Gatchalian advocates for financial inclusion at Global Policy Forum

Emphasizing that financial inclusion goes beyond increasing the number of transaction accounts, DSWD Secretary Rex Gatchalian has stressed the importance of empowering marginalized communities through continuous and sustained capacity building to improve the life of every Filipino.





“Our shared prosperity agenda is a call to action, a challenge to innovate, and a commitment to break down barriers,” Secretary Gatchalian said during the opening ceremony of the 2023 AFI GPF in Manila. The DSWD head was the event’s guest of honor.

Secretary Gatchalian underscored the significance of addressing financial illiteracy and exclusion during his term as mayor of Valenzuela City. He shared some experiences in his city’s financial inclusion journey, including how difficulties in owning a transaction account had introduced innovative ways to provide effective access to financial products and services.

Further emphasizing the need for inclusivity, the Secretary mentioned pivotal programs spearheaded by the DSWD to further promote greater financial inclusion and resiliency, such as the 4Ps, Assistance to Individuals in Crisis Situation, and the Food Stamp Program.

The Secretary cited the NSFI 2022-2028 as a strategic framework that highlights the roadmap for empowering marginalized sectors of society. The NSFI reaffirms the commitment and collaborative efforts of the Philippine government toward financial inclusion.

The DSWD, a founding member of the FISC, promotes financial inclusion and resilience of the vulnerable sector through financial literacy and digital cash transfers.

NSFI KPI Update

Annex A

Desired Outcome and KPI	Baseline (2019, except when indicated otherwise)	Target (2028)	Data Source	2021	2022	2023
1. Reduced disparities in financial inclusion						
• Percentage of adults with transaction accounts	29%	90%	Demand-side survey (BSP)	56%	Not a survey period	Not yet available
*Lead indicator: number of BDAs (in millions)	7.4	20	Supply-side data (BSP)	7.9	15.3	24.2
• Gap in account ownership	0.38	>0.75	Demand-side survey (BSP)	0.55	Not a survey period	Not yet available
➢ Income class: ABC vs. E	ABC			80%		
	E			44%		
• Percentage of borrowers who obtained their loan from formal sources	56%	75%	Demand-side survey (BSP)	56%	Not a survey period	Not yet available
• Gap in access to formal credit	Not yet available	TBD	ADB MSME Finance Survey*	1.40	Not a survey period	Not yet available
➢ Men- vs. women-owned/led SMEs	Men			20%		
	Women			28%		
• Gap in ownership of insurance policies	0.61	>0.75	Demand-side survey (BSP)	0.30	Not a survey period	Not yet available
➢ Income class: ABC vs. E	ABC			39%		
	E			12%		
• Gap in ownership of investment products	0.63	>0.75	Demand-side survey (BSP)	0.78	Not a survey period	Not yet available
➢ Men vs. Women	Men			40%		
	Women			31%		
➢ Urban vs. Rural	Urban			0.87		
	Rural			38%		
				33%		
• Gap in use of DFS	0.42	>0.75	Demand-side survey (BSP)	0.77	Not a survey period	Not yet available
➢ Income class: ABC vs. E	ABC			71%		
	E			53%		
2. Improved financial health and resilience						
• Financial health index	Not yet available	TBD	Demand-side survey (BSP)	57.2	Not a survey period	Not yet available
*Lead indicator: number of accounts (banks, NSSLAs, cooperatives, MF NGOs, EMIs) with at least PHP 10,000	Not yet available	TBD	Supply-side data (BSP, CDA)	No data	No data	No data
• Percentage of adults with savings in formal financial institutions	22%	50%	Demand-side survey (BSP)	20%	Not a survey period	Not yet available
• Percentage of adults (aged 18-59) contributing to a pension scheme	16%	TBD	Demand-side survey (BSP)	20%	Not a survey period	Not yet available
*Lead indicators:						
▪ percentage share of Social Security System (SSS) members to total adult population (aged 18-59)	65%	TBD	SSS	68%	70%	72%
▪ number of Personal Equity & Retirement Account (PERA) contributors	4,237	5 million	Supply-side data (BSP)	4,382	5,100	5,555
	(2021)	(2025)				
• Number of microinsurance policy owners including dependents (in millions)	50	TBD	Supply-side data (IC)	53.7	57.8	56.6
• Number of lives covered (in millions)	45	TBD	Supply-side data (IC)	No data	No data	No data
• Percentage of adults with investment in financial assets	25%	50%	Demand-side survey (BSP)	36%	Not a survey period	Not yet available
*Lead indicator: number of Mutual Funds and Unit Investment Trust Fund (UITF) accounts	Not yet available	TBD		2,126,371	2,391,204	2,500,918
3. More financially capable and empowered consumers						
• Percentage of internet/mobile phone users who use DFS	12%	50%	Demand-side data (BSP)	60%	Not a survey period	Not yet available
*Lead indicator: number of registered online or mobile banking users (in millions) ^[1]	Not yet available	TBD	Supply-side data (BSP)	171	272	394
• Percentage of adults with acceptable level of financial literacy ^[1]	35%	TBD	Demand-side survey (BSP)	29%	Not a survey period	Not yet available
*Lead indicator: percentage of adults who have attended a financial literacy seminar or webinar	Not yet available	TBD	Demand-side survey (BSP)	7%		
• Percentage of financial consumers with complaints who reported the issue or problem to the concerned financial institution	0.60%	TBD	Demand-side survey (BSP)	18%	Not a survey period	Not yet available
• Average turnaround time (in number of working days) of financial institutions on the resolution of complaints ^[4]	24 (for BSP-supervised financial institutions)	7	Supply-side data (BSP, IC, SEC)	8	12	16
4. Increased access to finance for MSMEs, including startups, and the agriculture sector						
• Percentage of i) MSMEs and ii) smallholder farmers with outstanding loan or line of credit in a formal financial institution	MSMEs		ADB MSME Finance Survey*	24%	Not a survey period	Not yet available
	24%	TBD				
	(2021)					
	Farmers		DA, DAR, ACPC	No data	No data	No data
	65%					
	(2021)					
➢ Percentage of women-owned MSMEs with outstanding loan or line of credit in a formal financial institution	28%		ADB MSME Finance Survey*	28%	Not a survey period	Not yet available
	(2021)					
• Percentage of i) MSMEs and ii) smallholder farmers and their cooperatives with insurance	MSMEs	40%	ADB MSME Finance Survey*	No data	Not a survey period	Not yet available
	15%					
	Farmers		DA, DAR, PCIC	30.8%	35.2%	No yet available
	26.7%					
	(2021)					
• Percentage share of i) MSME loans and ii) agriculture loans with loan guarantee/surety to total MSME/agriculture loans	MSME	10%	PhiGuarantee	1%	No data	No data
	1%					
	(2021)					
	Agriculture			1%		
	1%					
	(2021)					
• Percentage share of secured SME bank loans to total SME bank loans outstanding	Not yet available	TBD	Supply-side data (BSP)	No data	No data	No data
• Percentage of MSMEs with digital payment capabilities	46%	TBD	ADB MSME Finance Survey*	46%	Not a survey period	Not yet available
	(2021)		Supply-side data (BSP)	No data	No data	No data
*Lead indicator: number of merchant accounts (EMI and bank)	Not yet available	TBD				

^[1] Answered at least two (2) or all of the three (3) financial literacy questions on inflation and interest (simple and compound).

^[2] Meanwhile, 13% of adults were able to answer five or all of the six (6) financial literacy questions (knowledge on division, inflation, interest, investment risk, and investment diversification questions) in the 2021 FIS.

^[3] Due to unavailability of data, the number of registered mobile money accounts (e-money wallets) was used in lieu of the number of registered online or mobile banking users.

^[4] Upon the effectivity of BSP Circular no. 1169, series of 2023 on 01 May 2023, Calendar Days was used for the computation of the average TAT starting 2023 to align with the timelines used in the aforementioned Circular.

Annex B

List of Abbreviations

#

4Ps Pantawid Pamilyang Pilipino Program

A

ACCMSME ASEAN Coordinating Committee on Micro, Small, and Medium Enterprises

ACH automated clearing house

ACMR ASEAN Capital Markets Forum

ACPC Agricultural Credit Policy Council

ADB Asian Development Bank

AFCDM ASEAN Finance Ministers and Central Bank Deputies Meeting

AFF agriculture, forestry, and fishing

AFI Alliance for Financial Inclusion

AFMGM ASEAN Finance Ministers and Central Bank Governors Meeting

AFRD agriculture, fisheries, and rural development

AICS Assistance to Individuals in Crisis Situation

AIRM ASEAN Insurance Regulators Meeting

ANYO Agri-Negosyo Loan

ARB agrarian reform beneficiary

ADRS Action Document Releasing System

ARS Agent Registry System

ASEAN Association of Southeast Asian Nations

ASTIG Anti-Scam and Illegal Taking of Investments Group

AVCF Agricultural Value Chain Financing

B

BDA Basic Deposit Account

BFAR Bureau of Fisheries and Aquatic Resources

BSFI BSP-supervised financial institution

C

CFI Center for Financial Inclusion

CGAP Consultative Group to Assist the Poor

CHED Commission on Higher Education

CMA Citi Microentrepreneurship Awards

CRD Credit Risk Database

CSC Civil Service Commission

CSF Credit Surety Fund

CSI Civil Service Institute

D

DBP Development Bank of the Philippines

DFI digital financial inclusion

DFIA Digital Financial Inclusion Awards

DFS digital financial services

DMW Department of Migrant Workers

E

EBT electronic benefit transfer

EFEL Economic and Financial E-Learning

EFT electronic fund transfer

EIU Economist Intelligence Unit

EMI e-money issuer

E-Money electronic money

EO Executive Order

eRAMP Electronic Registry of Application for Market Participant

eSEARCH Electronic SEC Education, Analysis, and Research Computing Hub

eSECURE Enhanced SEC Universal Registration Environment

E-wallet electronic wallet

F

FCPA Financial Products and Services Consumer Protection Act

FDP forcibly displaced person

Fin-ed financial education

FinLit financial literacy

FISC Financial Inclusion Steering Committee

FLS financial learning session

FSF financial sector forum

FSP financial service provider

G

GIDA geographically isolated and disadvantaged area

GPF global policy forum

H

HEI higher education institution

I

IBF Islamic banking and finance

IBU Islamic banking unit

IFC International Finance Corporation

IRR Implementing Rules and Regulations

ITU International Telecommunication Union

J

JICA Japan International Cooperation Agency

K

KAYA Kapital Access for Young Entrepreneurs
KITA Kapital at Ipon Tungo sa Asenso

L

LDC local development council
LGU local government unit
LRA Land Registration Authority

M

M&E monitoring and evaluation
MAF movable asset finance
MCPI Microfinance Council of the Philippines
MFI microfinance institution
MOA Memorandum of Agreement
MSME micro, small, and medium enterprises

N

NCA notice of cash allocation
NPRS National Retail Payment System
NSFI National Strategy for Financial Inclusion

O

OFW Overseas Filipino Workers

OpenG2P Open Government to Person Platform

P

P2B person-to-biller
P2M person-to-merchant
P2P person-to-person
PGC Philippine Guarantee Corporation
PhilSys Philippine Identification System
PiTaKa Pinansyal na Talino at Kaalaman
PPMI Philippine Payments Management, Inc.
PSE Philippine Stock Exchange
PSP payment service provider
PWD person with disability

Q

QR quick response

R

RA Republic Act
RDC regional development council

S

SBLAF Standard Business Loan Application Form
SCF supply chain finance

SET-UP Small Enterprise Technology Upgrading Program
SLC senior level committee
SURE Survival and Recovery Loan Assistance

T

TESDA Technical Education and Skills Development Authority
ToT training of trainers

U

UNCDF United Nations Capital Development Fund

W

WC working committee
WR warehouse receipt
WSME women-owned MSME