

Save Now or Pay Later: A Philippine Perspective on Financial Inclusion and Education

OECD-Japan High Level Global Symposium
Promoting Better Lifetime Planning through

Financial Education

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ADB Institute, Tokyo, Japan



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Country Profile: The Philippines



Selected Economic Indicators - Asian Countries
(as of 2nd Qtr2014)

	Real GDP (%)	Net Foreign Investments (%)	Inflation Rate (%)	Interest Rate on Time Deposits (%)
China	7.5	0.0	2.2	3.0
Philippines	6.4	+2,561.1	4.4	1.0
Malaysia	6.4	+56.1	3.3	3.0
India	5.8	+28	8.1	0.0
Vietnam	5.2	+0.8	4.7	5.9
Indonesia	5.1	+15.8	7.1	8.8
Taiwan	3.7	-36.8	1.6	0.0
Korea	3.5	-70.6	1.7	2.7
Singapore	2.4	+26.6	2.4	0.0
Thailand	0.3	+29.9	2.5	2.0

http://www.bsp.gov.ph/statistics/spei_new/tab48_sas.htm



INVESTMENT GRADE CREDIT Rating

Fitch Rating: **BBB-**

Standard and Poor's: **BBB**

Moody's: **Baa3**



Up by 30-notch to rank 108th in the 2014 Doing Business Survey by IFC



Filipino consumers 3rd most confident in the world (Nielsen's – Jul 2014)



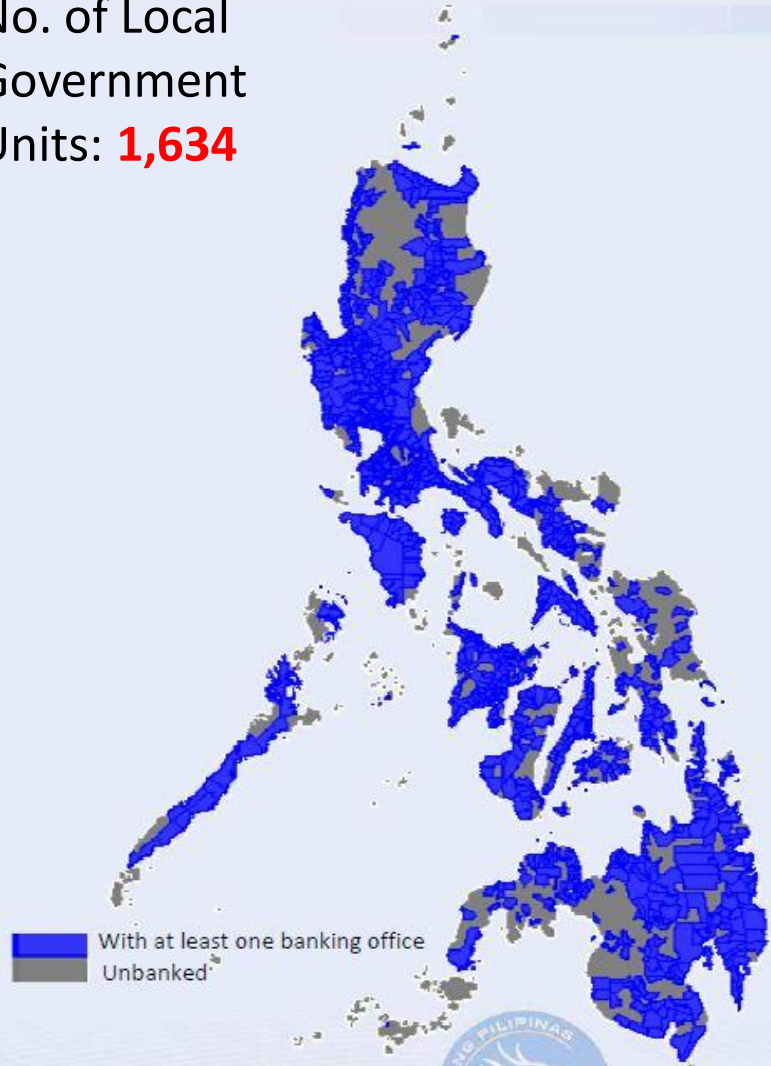
PH President receives highest honor at Bali Democracy forum



BSP Governor Amando M. Tetangco Jr. gets Grade A Rating

Financial Inclusion Key Data (2013-2Q2014*)

No. of Local Government Units: **1,634**



■ With at least one banking office
■ Unbanked

	2013	2Q2014
Banking offices	9,884	10,073
ATMs	14,528	14,841
Deposit accounts	45.4Million	46.9Million
Total deposits	P7.6 Trillion	P7.8 Trillion
Micro-banking offices (MBOs)	465	501
LGUs w/o regular banking offices and served by MBOs	56	61
Micro-enterprise loan	P6 B in 170 banks	P7.8 B in 167 banks
Micro-deposits	P2.6 B in 67 banks	P3.3B in 69 banks
Registered E-Money accounts	26.7M*	-



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**In 2010, there were only 7.9 million e-money accounts*



The Philippines

- PH's 2009 Consumer Finance Survey results:
 - 8 of every 10 households surveyed do not have a bank deposit account (unbanked)
 - 78% from the urban region or National Capital Region
 - 84% from area outside of NCR (AONCR)
 - 93% of unbanked cited “not enough money” as reason



- BSP's Consumer Expectation Survey (4Q2014)

The number of households **with savings** *declined* to 25.7% from 26.9% in the previous quarter.

- Reasons for saving money:

(a) for emergencies, (b) health and hospitalization, (c) retirement, (d) education, and (e) business capital and investment

- OFW households that utilized their remittances for savings increased from 39.7% to 42.1% in the 4th Qtr.



BSP's Economic & Financial Learning Program (EFLP)

- EFLP is BSP's umbrella financial education program pushing for financial awareness and understanding of essential economic and financial issues by the ordinary Filipino
- BSP learning modules and tools that are tailor-fit to the participants' profile and proficiencies, among others:
 - Importance and basic principles of saving and budgeting
 - Time value of money
 - Financial planning and financial freedom
 - General requirements in opening saving deposit and other deposit products
 - How to properly manage deposit accounts
 - Practical savings guide
 - consumer protection



Financial Consumer Protection Department (FCPD)

- Conducts various financial learning activities:
 - ✓ **Financial Education Expos**
 - ✓ **Financial Empowerment Seminars**
 - ✓ **Credit Card Awareness Sessions**
 - ✓ **Financial Awareness Exhibits (Money Matters for Kids, “Alerto AKO”, etc)**
- Develops financial learning activities and modules, informational/advocacy materials, posters and brochures on financial literacy and consumer protection



Strategic Partnerships

- **Department of Education**
 - integration of finance lessons in the elementary education curriculum and the development of child-friendly deposit products that promote saving
- **Overseas Workers Welfare Administration (OWWA)**
 - module on Saving designed by the BSP used in the Trainers' Training for lecturers and providers of the Pre-Departure Orientations (PDOs) for Overseas Filipino Workers (OFWs)
- **Department of Social Welfare and Development (DSWD)**
 - Financial education for the unbanked focused on selected beneficiaries of the "Pantawid Pamilyang Pilipino Program" (4Ps).
- **As member of the Financial Sector Forum (FSF)**
 - Developed the "Protect Your Money" (PYM) advisories to raise public awareness on financial products and services, responsibilities of depositors and investors



Financial Consumer Protection Framework: A Game Changer

- 30 April 2014: The Financial Consumer Protection Framework was approved and adopted by the Monetary Board on 30 April 2014
- 16 October 2014: The Financial Consumer Affairs Group (FCAG) was restructured and renamed into the Financial Consumer Protection Department (FCPD)
- The Framework sets forth standards on 5 key areas:
Disclosure and Transparency, Fair Treatment, Protection of Client Information, Effective Recourse and Financial Education



2015 Plans and Targets

- Full implementation of the FCP Framework
- Plan to develop impact evaluation and monitoring tools on financial education initiatives
- Launch of National Strategy for Financial Inclusion
- Completion of the World Bank's baseline survey on the financial capability and literacy of Filipinos
- Development of National Strategy for Financial Education



Thank You!



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