



# The BSP's three Challenges

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**Philippine Economic Briefing**  
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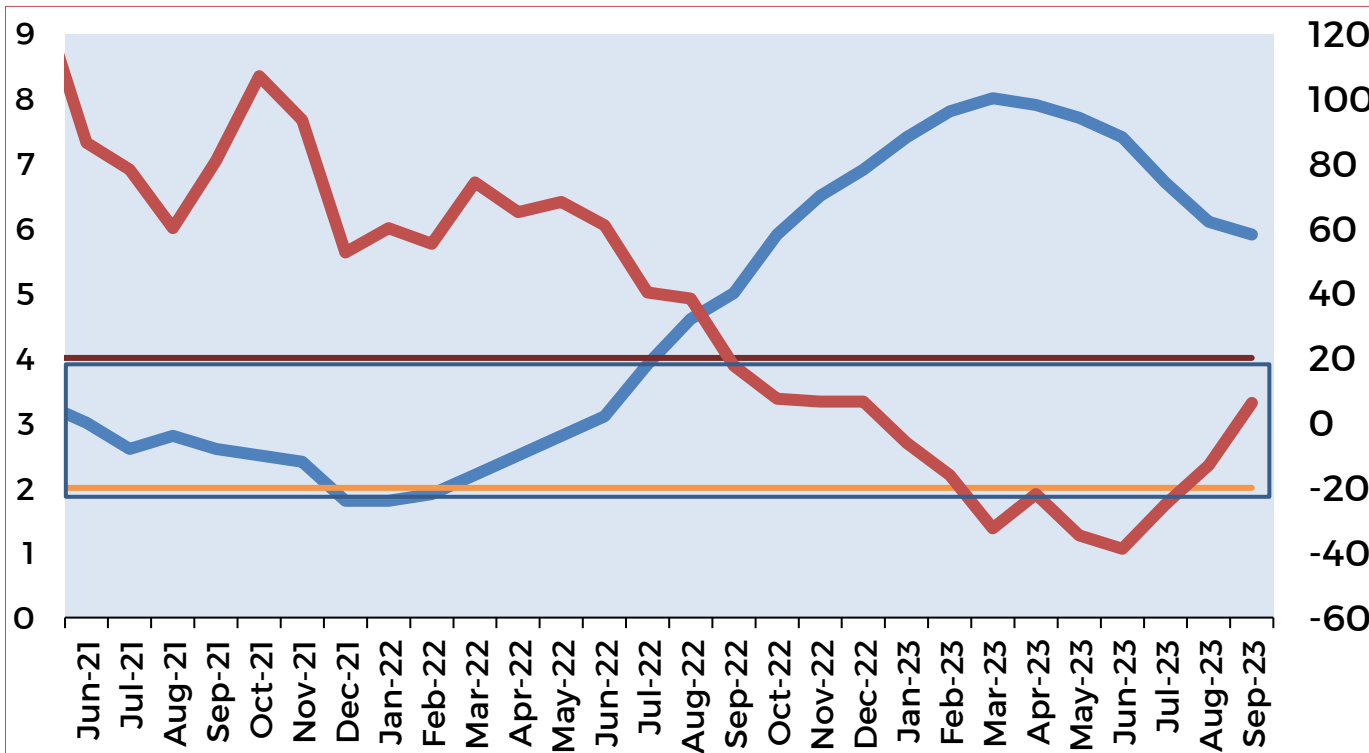
# Three challenges

- 1. Conducting monetary policy in a supply-shock economy**
- 2. Helping the banking system to digitalize**
- 3. Devising a payments system that works for financial inclusion**



# Monetary policy wouldn't work if it just looked through supply shocks

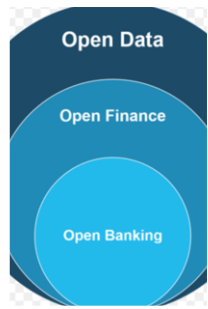
Core Inflation and Percent Change in WTI Spot Price  
June 2021 – September 2023, in percent



Source of basic data: PSA, Bloomberg, BSP Staff Estimates

- **Yes, supply price shocks eventually dissipate**
- **But they can change inflation expectations and cause second-round effects**
- **An inflation-targeting framework helps to anchor those expectations**
- **Monetary policy is about making that framework credible**

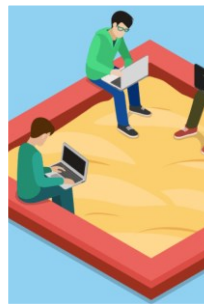
# To help the banking system digitalize, we offer three approaches



**Open finance  
framework**



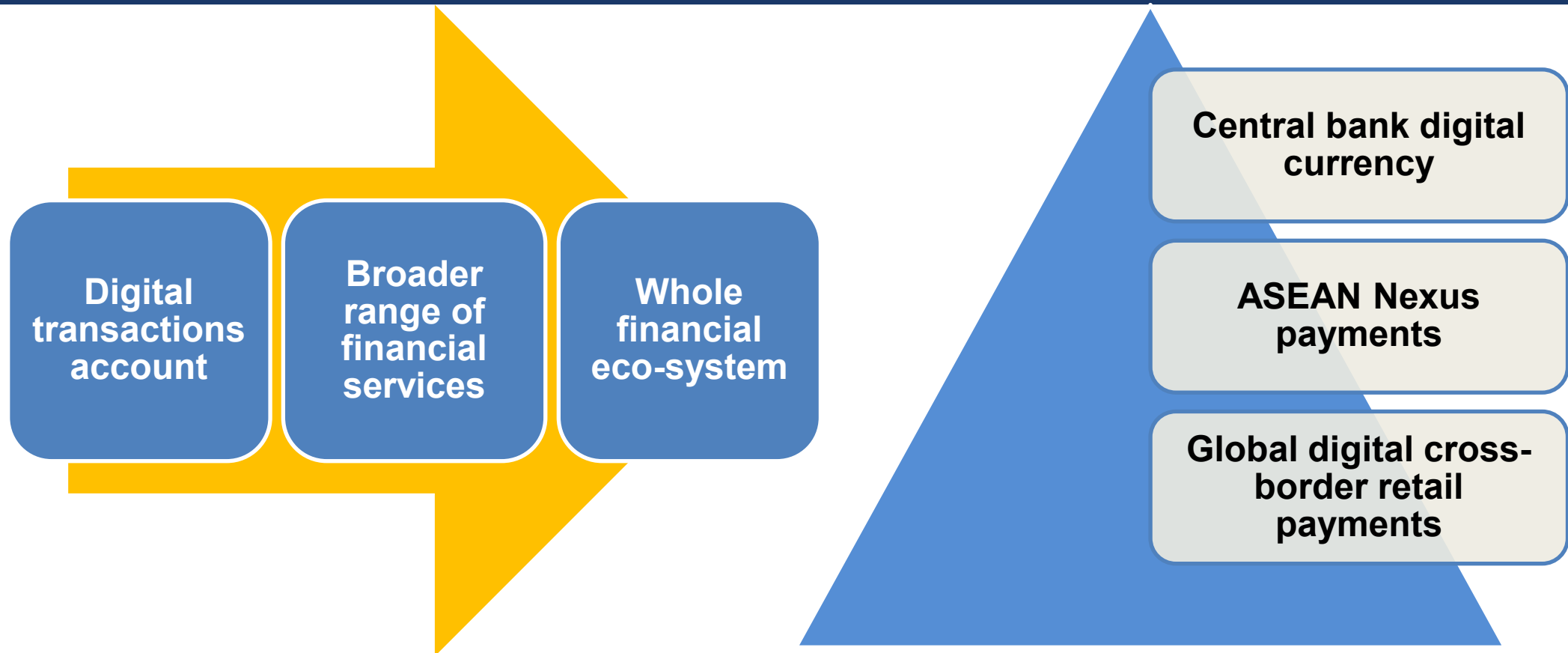
**Digital banking**



**Regulatory  
sandbox**



# A digital payments system holds great promise for financial inclusion





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