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The Philippine Economy

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This publication is the story of how the Bangko Sentral ng Pilipinas (BSP) fared in 2016-2018 and aims to tell it in terms understandable to the layman, so every Juan and Maria can understand how central banking works.

About the BSP

“The Congress shall establish an independent central monetary authority...(which) shall provide policy direction in the areas of money, banking and credit. It shall have supervision over the operations of banks and exercise such regulatory powers as may be provided by law over the operations of finance companies and other institutions performing similar functions.”

—Section 20, Article XII, 1987 Constitution

“The State shall maintain a central monetary authority that shall function and operate as an independent and accountable body corporate in the discharge of its mandated responsibilities concerning money, banking and credit. In line with this policy, and considering its unique functions and responsibilities, the central monetary authority established under this Act, while being a government-owned corporation, shall enjoy fiscal and administrative autonomy.”

—Section 1, Article 1, Chapter 1
Republic Act (RA) No. 7653, as amended by RA No. 11211 (The New Central Bank Act)

About the Cover
The Bangko Sentral ng Pilipinas celebrated its 25th year in 2018, continuing as the country’s vanguard of monetary and financial stability while remaining relevant through the combined power of technology and its workforce. This year’s cover features an artistic rendition of the BSP’s 25th anniversary logo—a maze-like, stylized number 25—to symbolize its journey through the years and into the future.
The BSP Vision

The BSP aims to be recognized globally as the monetary authority and primary financial system supervisor that supports a strong economy and promotes a high quality of life for all Filipinos.

The BSP Mission

To promote and maintain price stability, a strong financial system, and a safe and efficient payments and settlements system conducive to a sustainable and inclusive growth of the economy.

The BSP Values

Excellence - Consistently doing our best to master our craft, continually improving our competencies and learning new things in pursuit of organizational goals, comparable to the best practices of other central banks.

Patriotism - Selfless commitment to the service of the Filipino people and the country.

Integrity - Performing mandate with sincerity, honesty and uprightness, worthy of respect and emulation of others.

Solidarity - Performing with team spirit; acting and thinking as one in the pursuit of common goals and objectives.

Accountability - Taking full responsibility for one’s or group’s actions.
Compared to 2017, global economic growth slowed down slightly in 2018 as trade tensions among some major advanced and emerging economies dampened trade and manufacturing activity. The global gross domestic product (GDP) growth for 2018 was at 3.6 percent versus 3.8 percent in 2017.¹

• Advanced economies grew at different rates in 2018:

  - The US economy continued to recover, driven by a stronger-than-expected domestic demand.

  - Growth across Europe slowed due to lower exports and the prolonged uncertainty on the Brexit outcome.

  - Japan’s economic growth also slowed down due to unfavorable weather conditions and natural disasters.

¹Source: IMF World Economic Outlook, April 2019 Update
Emerging markets and developing economies (EMDEs) including the Philippines lost momentum in 2018. This was due to:

- a more challenging international economy characterized by the negative spillovers of trade tensions, rising US interest rates, dollar appreciation, capital outflows, and volatile oil prices;

- increased US tariffs on China-made goods which negatively impacted smaller EMDEs, although a few benefitted as some US importers diverted their supply chains from China to other EMDEs to avoid the tariffs; and

- internal domestic challenges driven by sluggish exports, financial stress in some large EMDEs, and slower economic activity in commodity-importing countries such as the Philippines and Thailand.

Given the slowdown in 2018 among major economies, the International Monetary Fund forecasted slower global GDP growth for 2019 at 3.5 percent and for 2020 at 3.6 percent. The IMF considered the negative impact of the US-China trade war in these projections.
Despite a challenging global economic environment for emerging markets and developing economies like the Philippines, the economy continued to grow in 2018 and sustained a position of relative strength.

**Real gross domestic product (GDP) rose by 6.2 percent.** While this rate was lower than the 6.7 percent growth in 2017, it marked the seventh consecutive year of above 6.0 percent growth for the Philippine economy (2012-2018). The GDP output in 2018 continued to be generally broad-based with major sectors contributing positively. On the supply side, GDP growth was fuelled by the industry and services sectors particularly driven by the manufacturing and construction sub-sectors and retail trade and related services. On the demand side, growth was supported by the firm numbers coming from government spending, providing additional boost to the continued robust performance of household spending and investments. Region-wise, the 2018 growth performance of the Philippine economy stood out as it continued to outpace its ASEAN peers and is recognized as one of the fastest-growing economies in Asia.
GDP Growth Rate
at Constant 2000 Prices

GROSS DOMESTIC PRODUCT (GDP)
at Constant 2000 prices
2016-2018
growth rate

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Inflation in 2018 was above government target. Food inflation rose to 6.6 percent in 2018 from 3.2 percent in the previous year as prices of key food items like rice, fish, meat, and vegetables increased due to supply bottlenecks caused by adverse weather conditions. Likewise, non-food inflation also rose due largely to rising international oil prices, pushing minimum fares for jeepney and bus upwards during the year. At the same time, the tax reform implementation also affected prices of sugary drinks, gaming tickets, and domestic petroleum products.

### INFLATION RATE

2012 = 100

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The Balance of Payments (BOP) position for 2018 registered a higher deficit. The full-year BOP posted a deficit of US$2.3 billion, significantly higher than the US$863 million deficit recorded a year ago. This was brought about by the rise in the current account deficit as the trade-in-goods deficit continued to widen. Meanwhile, the financial account net inflows were markedly higher during the year, boosted by the reversal of the other investment account to net inflows from net outflows in 2017, along with the reduced net outflows of portfolio investments. This positive outcome more than offset the lower net inflows of direct investments.

External debt remains manageable. The Philippines’ outstanding external debt stood at US$79.0 billion as of end-2018, up by US$5.9 billion (or 8.0 percent) from the US$73.1 billion level as of end-2017.

Banks remained financially and operationally sound and stable. Banks ended 2018 on a positive note with sustained growth in key balance sheet accounts and remained profitable, despite lingering vulnerabilities in the domestic and international macroeconomic landscape. As of end-December 2018, the total resources of the Philippine banking system grew by 11.5 percent to ₱16,911.4 billion from the same period in 2017. The banks’ total assets accounted for over 97 percent of the country’s annual GDP in nominal terms.

Employment rates went up while unemployment rates declined. The country’s employment rate in 2018 was registered at 94.7 percent, 0.4 percentage points higher than the previous year’s 94.3 percent. The total number of employed persons increased by 2.1 percent to reach 41.2 million from 40.3 million in 2017. Of the three major employment sectors, the services sector accounted for more than half of the total employed persons with a share of 56.6 percent. The agriculture sector comprised 24.3 percent of the total employment while the industry sector took a 19.1 percent share of the total. Correspondingly, the number of jobless Filipinos decreased to 2.3 million in 2018 from 2.4 million in 2017, which brought down the unemployment rate to 5.3 percent from 5.7 percent in 2017. Most of the unemployed persons in 2018 were men (63.2 percent), between 15-24 years of age (44.6 percent), and have completed junior high school education (29.0 percent).
FIRST PILLAR:
PRICE STABILITY

Using its monetary tools, the BSP acted preemptively to support the economy’s growth objectives and maintain price stability.

The BSP raised policy rates five consecutive times. As a result of sustained and broadening price pressures as well as high inflation expectations in 2018, the BSP decided to raise policy interest rates in the months of May, June, August, September, and November. This brought the cumulative policy rate increase to 175 bps in 2018 and the overnight reverse repurchase or RRP facility to 4.75 percent. The move aimed to anchor inflation expectations and safeguard the inflation target over the policy horizon.

By December 2018, the BSP maintained its policy stance. With inflation forecasts showing a lower path over the policy horizon as well as steady inflation expectations, the BSP deemed it prudent to keep monetary policy settings steady and allow previous monetary responses to continue to work their way through the economy.
Financial market conditions remained firm amid risks. The peso averaged ₱52.68/US$1, depreciating by 4.32 percent from the ₱50.40/US$1 average in 2017. The depreciation of the peso against the US dollar was due mainly to the series of interest rate hikes by the US Federal Reserve and concerns over the rising trade tension between the US and its major trading partners, including China. Depreciation pressures were partly offset by market optimism on slowing domestic inflation data and strong remittance inflows toward the end of 2018. In addition, the series of policy rate hikes by the BSP during the year provided support to the peso.

**BSP AS OVERSEER OF THE PHILIPPINE EXCHANGE RATE POLICY**

The foreign exchange (FX) rate is the price of a unit of foreign currency in terms of the domestic currency. In the Philippines, this is conventionally expressed as the value of one US dollar to its peso equivalent. For example, in 2016, US$1 = ₱47.50.

Under the policy of market-oriented exchange rate, the continuing policy of the BSP is that the value of the dollar in terms of the peso is determined like any other commodity or service being sold in the market, that is, by the forces of supply and demand.

The BSP only participates in the FX market through the buying and selling of FX to ensure order and to temper destabilizing swings in the exchange rate ultimately for the purpose of promoting price stability. With its market-oriented policy, the BSP neither sets nor targets any specific FX rate level.
The BSP ensured the effective delivery of discounts, loans, and advances to banks with temporary liquidity needs. In 2018, total loans granted to banks reached ₱71.8 billion under the BSP’s rediscounting facility, of which ₱69.8 billion went to universal and commercial banks, ₱1.6 billion to thrift banks, and ₱51.1 million to rural banks.

**BSP AS BANKER OF BANKS**

The BSP is the banker of banks. It can provide loans and financial assistance to banks when necessary. The BSP conducts its short-term lending operations mainly through its rediscounting facility.

**International reserves remained more than adequate.** The country’s gross international reserves (GIR) amounted to US$79.2 billion as of end-December 2018, lower compared to the recorded level of US$81.6 billion in 2017. Nonetheless, the GIR remained sufficient to cover seven months’ worth of imports of goods and payments of services and primary income.

**BSP AS MONEY MANAGER**

In line with its primary mandate and the first pillar of central banking, BSP manages the money supply or the amount of money circulating in the economy to keep the prices of goods low and stable.

When the prices of goods are not erratic, people can decide better, whether these are related to what they plan to buy, save, or invest. There is more certainty and less susceptibility to fluctuations in the cost of goods and services.
In economic jargon, managing money supply is called monetary policy. Monetary policy is the process by which central banks like the BSP manage the cost and availability of money in the economy through its various monetary tools. By managing the money supply, BSP is able to influence the overall demand by households and firms for goods and services. This, together with the aggregate supply of goods and services, determine the level of prices.

The BSP thus helps maintain low and stable prices, as embodied in the inflation target, by ensuring that the money circulating in the economy is neither too much nor too little. Too much money in circulation tends to encourage demand and spending, which in turn tends to push price levels upward.

To achieve the inflation target, BSP uses a suite of monetary policy instruments to increase or decrease the overall supply of money in the economy. The overnight reverse repurchase (RRP) or borrowing rate is the primary monetary tool of BSP. Other monetary policy instruments include:

- managing overall liquidity or money supply levels in the financial system via BSP’s facilities, namely: term deposit facility (TDF), overnight deposit facility (ODF), and overnight lending facility (OLF);
- calibrating the reserve requirement ratios;
- managing the amount of loans extended to the banking institutions through BSP’s rediscounting window facility; and
- allowing the outright sales and purchases of BSP’s holdings of government securities.

It is important to note that BSP does not have absolute influence over inflation, as factors other than overall spending, money supply, or interest rates may also affect consumer prices. These factors include fluctuations in global oil prices, as well as weather disturbances that affect agricultural production and overall supply condition.

**Term Deposit Facility (TDF)**
A term deposit is a fixed-term cash investment held at a financial institution (in this case, the BSP). The TDF is the BSP’s main tool to draw in excess liquidity in the financial system. Counterparties submit bids for term placements with the BSP. Currently, the BSP offers three tenors—seven, 14, and 28 days—in term deposit auction.

**Overnight Deposit Facility (ODF)**
The ODF allows BSP to take deposits from banks with an interest rate of the reverse repurchase (RRP) rate minus 50 bps (0.50 percentage point). The ODF absorbs any residual system liquidity to prevent market interest rates from falling below the interest rate corridor.

**Overnight Lending Facility (OLF)**
The OLF provides collateralized overnight funding to the BSP counterparties to clear end-of-day imbalances. Interest rate for the OLF is the RRP rate plus 50 bps (0.50 percentage point).
In 2018, BSP pursued its mandate of promoting a stable banking system.

Total resources of the banking system grew by 11.5 percent to ₱16,911.4 billion as of end-December 2018 from the same period in 2017. The banks’ total assets accounted for over 97 percent of the country’s annual gross domestic product in nominal terms.
Total deposits registered a year-on-year (y-o-y) growth of 8.8 percent to ₱12,760.9 billion. These deposits are composed mainly of savings account (47.1 percent), time deposits (28.1 percent), and demand deposits (22.9 percent).

The industry’s total loan portfolio, on a gross basis, grew by 13.6 percent y-o-y to ₱10,075.16 billion. Loans for production activities, which held nearly 79 percent of banks’ aggregate portfolio, continued to be driven by increased lending to key production sectors such as wholesale and retail trade (14.7 percent), manufacturing (12.7 percent), real estate (10.6 percent), and loans for household consumption (10.1 percent).

The Philippine banking system expanded to a network of 573 head offices and 11,679 other offices. Most of these offices are regular branches and branch-lite units which serve as cost-effective, dressed-down distribution modes catering to small depositors and low-income groups.

Even as the network of the banking system has grown, the downward trend in the number of head offices as shown in the graph is a result of the closure of weak banks and the consolidation and merger of small banks into bigger banks. This reflects the BSP’s policy to promote mergers and consolidations among banks and other financial intermediaries as a means to develop larger and stronger financial institutions.

PHILIPPINE BANKING SYSTEM
TOTAL BANKING UNITS

Source of data: BSP
/p - preliminary
*BSP’s merger and consolidation policy amended and rationalized in 1998 with the issuance of Circular No. 172 dated 3 September 1998.
The central monetary authority has continued to leverage on financial technology and artificial intelligence by issuing several regulations related to the conduct of banking activities. In 2018, guidelines on the use of third-party cash agents, virtual currency, exchanges framework, social media risk, risk-based know-your-customer rules, and business continuity management, among others, were implemented.

In an effort to uphold the integrity of the financial system and safeguard the interest of the public, BSP implemented simpler reporting standards and enhanced guidelines to align BSP regulations with international accounting standards. The BSP adopted the International Financial Reporting Standards (IFRS) 9, replacing the International Accounting Standards (IAS) 39 which was deemed to be too complex and inconsistent with the way entities managed their business risk and deferred the recognition of credit losses in loans and receivables in the credit cycle. It also issued Circular No. 1021 that enhanced the guidelines on marking-to-market of financial instruments, ensuring consistency of fair value measurements and comparability of financial reports in the financial system.

The BSP strengthened its risk governance mechanism by enhancing risk management systems while, at the same time, aiming to achieve a sound capital position for its supervised financial institutions. These objectives are supported by the deployment of prompt and calibrated enforcement action, as well as a dynamic and forward-looking assessment framework.

The BSP developed policies and issued regulations that promoted capital market development and aimed to support long-term financing of government and corporate entities. It issued circulars that aimed to streamline requirements for the issuance of bonds and commercial papers, ease demand pressures in the foreign exchange spot market by enhancing guidelines on the Currency Rate Risk Protection Program (CRRP), and rationalized the availment process to facilitate easier access to the CRRP facility.
The BSP regulates and supervises the banking system to keep it sound and stable. This particular function of BSP is linked to the second pillar of central banking: financial stability through financial system supervision and regulation.

A sound and stable banking system ensures that people can access financial products and services that suit their needs. This promotes growth that is all-encompassing, sustainable, and equitable.

THE ROLE OF BANKS

Banks play a key role in the economy as they channel funds from individuals or entities who "save" funds to those who need to "borrow" funds for their productive activities.

Banks are expected to perform their functions with prudence and integrity because of their importance in economic development and the trust that clients place in them. Their safety and soundness are key elements in earning the confidence of the general public. In other words, banking is a business that thrives on public trust—the underlying thought on BSP's supervision over banks to maintain confidence in the banking system.

- Issuance of rules of conduct or standards of operation for uniform application of regulated institutions
- Examination of banks once a year
- Enforcement of prompt corrective action

The BSP also has regulatory powers over other financial institutions with quasi banking functions, bank-affiliated non-bank financial institutions, forex dealers, money changers, pawnshops, and non-stock savings and loans associations.
THIRD PILLAR: AN EFFICIENT PAYMENTS AND SETTLEMENTS SYSTEM

The BSP made great strides in reforming the Philippine payments landscape in 2018. In line with its mandate of strengthening the third pillar of central banking in the country, the BSP initiated changes to address the need for safe, convenient, and efficient means of moving funds—vital in the pursuit of productive activities that fuel economic growth.
In 2018, the BSP, through the Payment and Systems Oversight Department, was instrumental in the establishment of InstaPay—a fast and secure electronic funds transfer service available anytime and anywhere for urgent and low-value payment requirements. With 24 participating institutions as of year-end 2018, InstaPay consistently showed exponential growth in terms of both volume and value, zooming upward shortly after its launch in April 2018.

As of end-December 2018, a total of 47 payment service providers—banks and non-banks—participated in the PESONet, a batched electronic funds transfer service. PESONet serves as a better alternative to the paper-based check system, allowing the receipt of funds on the same banking day the sender initiates the payment within a certain cut-off time.

Several regulations related to digital payments were issued by the BSP to safeguard the interest of the payment service providers, ensure the protection of consumers, and stir the growth of digital payments in the country. These include guidelines on the settlement of instant retail payments, guidelines on National Retail Payment System (NRPS) key principles, disclosure of electronic payment fees, frequently asked questions on anti-money laundering concerns related to the adoption of the NRPS framework, and a memorandum on the availability of InstaPay and PESONet in all existing electronic delivery channels.
The BSP hosted and facilitated a workshop on enabling electronic bills payment under the NRPS framework, with the government as the pilot biller. This workshop paved the way for the formation of a technical working group tasked to carry out the operationalization of the government bills payment service.

The BSP closely coordinated with the Philippine Payments Management Inc., an industry-led governing body. This continued coordination ensures that payment service providers uphold the payment principles espoused by BSP.

The BSP pursued the adoption of a National QR Code Standard that will enable interoperability of QR Code-based payment facilities. The QR Code is seen as instrumental in accelerating electronic payments for ordinary Filipinos such as market vendors, cab drivers, or variety store owners who can now use a QR code to accept payments.

The BSP also directed banks and nonbank E-Money Issuers to make the “direct debit” service a useful feature in their electronic funds transfer facility. With this e-payment service, payers will save much time and effort in settling recurring and periodic expenses such as utility bills, taxes, government licenses, permits, and fees.
BSP AS AN IMPLEMENTOR OF A SAFE AND RELIABLE PAYMENTS AND SETTLEMENTS SYSTEM

The authority of BSP to oversee the payments system has explicit legal support with the recently enacted Republic Act No. 11127, or the National Payment Systems Act (NPSA). The law enables BSP to effectively carry out oversight over payment systems. In particular, the NPSA empowers BSP to exercise the following key functions:

- rule-making;
- imposition of administrative sanctions;
- determination of payment systems to be designated as systemically important;
- supervision over operators of designated payment systems;
- accreditation of a Payment System Management Body comprised of participants of designated payment systems; and
- setting of rules for finality of settlement and elimination of the zero-hour rule through the provisions on netting.
In 2018, total placements in BSP’s monetary facilities declined to ₱428.59 billion from ₱491 billion in 2017. The decline may be attributed to the lower level of liquidity in the system due to BSP’s foreign exchange operations.

Majority of banks’ placements—or around 69.4 percent—went to BSP’s overnight reverse repurchase facility, while 13.5 percent and 16.0 percent went to its overnight deposit facility and term deposit facilities, respectively.
Currency Operations

In 2018, BSP serviced the currency requirements of banks in Metro Manila amounting to 2.36 billion pieces of banknotes equivalent to ₱921 billion and 1.74 billion pieces of coins equivalent to ₱3.8 billion. The central monetary authority also shipped banknotes and coins to the country’s regions amounting to ₱508.16 billion and ₱1.88 billion, respectively.

The BSP carried out various initiatives to strengthen the implementation of its Clean Note and Coin Policy, such as the standardization of banknote fitness level, reaching out to social media users through Coin-Ed videos and infographics, conceptualization and implementation of currency front-liner seminars, development and distribution of the know your money training kit, launch of the Clean Money Society Project, and strengthening of existing partnerships with various stakeholders to advance currency-related advocacies.

BSP AS MONEY ISSUER

The BSP’s most popular function is currency issuance. A whole complex, the Security Plant Complex, was set up in 1978 specifically to help discharge this function. It prints banknotes and mints coins, as well as refines gold.

Consistent with its role of regulating money supply, the BSP oversees the production, issuance, and distribution of currency, and retirement of unfit and mutilated banknotes and coins.

The BSP has the exclusive power and authority to issue the national currency. BSP’s notes and coins are issued against, and in amounts that do not exceed, its assets. All issued notes and coins are fully guaranteed by the government and are considered legal tender. Legal tender means that should the currency be offered for payment, it must be accepted. This applies to all private and public debts.

The BSP issues banknotes and mints coins based on what the economy needs.
International Reserves Management

The BSP realigned its investment strategies in 2018 to strengthen the function of the Gross International Reserves as liquidity support in times of volatility in the exchange rate and Balance of Payments. The new strategies also placed emphasis on the capital preservation of the reserves and enhancement of returns.

During the year, BSP was able to earn investment income and outperform benchmarks amid an environment marked by vulnerable financial assets, changing landscape in global trade, and uncertainties in the monetary policy direction of developed markets.

BSP AS MANAGER OF INTERNATIONAL RESERVES

Foreign exchange is needed to pay for the country’s imports and foreign debts. To be able to meet these obligations when they fall due, there should be enough foreign exchange or other external assets that are highly marketable and readily convertible to foreign exchange. These are called international reserves.

Since international reserves have been traditionally linked with imports, the most familiar measure of adequacy of international reserves is import cover. Import cover refers to the months of imports of goods and payment of services and income that could be covered by the country’s international reserves. An import cover of three months is the international rule-of-thumb benchmark of a comfortable reserve adequacy.

The BSP is also responsible for maintaining adequate international reserves to help meet the country’s FX liquidity requirements needed to service external obligations. It monitors not just the timetable of the maturity of existing foreign exchange obligations, but also the impact of new debt on such timetable.

The level of foreign debt is a sensitive issue to some sectors of society. But what is more important is that debts should be used for worthwhile and intended purposes and that they are paid when they fall due.
BSP Financial Results

The BSP’s total assets as of end-December 2018 was ₱4,851.3 billion, higher by 3.9 percent than the audited level of ₱4,667.0 billion in the previous year.

Its assets were composed mainly of international reserves which amounted to ₱4,140.2 billion. Broken down, international reserves were comprised of foreign deposits and investment securities at about 78.4 percent while gold holdings constituted 10.4 percent.

The BSP’s liabilities reached a total of ₱4,734.9 billion as of end-December 2018, higher by 3.2 percent than the previous year’s level of ₱4,586.3 billion. The increase was driven by the higher amount of currency issued, but partially offset by lower government deposits and placements in deposit facilities. Meanwhile, the combined share of deposits and currency issued made up majority of BSP’s liabilities at 80.1 percent.

BSP AS DEPOSITORY AND ADVISOR TO THE PHILIPPINE GOVERNMENT

The BSP is the banker, financial advisor, and official depository of the Philippine government. As such, the cash balances of the National Government are deposited with BSP. Meanwhile, when the government needs to repay its foreign debts or release money to pay expenses, it withdraws from its deposits with BSP.
Financial Inclusion

In 2018, BSP intensified efforts to strengthen the foundations needed to achieve the envisioned scale, depth, and breadth of financial access. Key initiatives were geared toward the development of critical infrastructure such as the national digital ID system and the secured transactions framework; deepening financial literacy through financial education campaigns; and promotion of responsive products for underserved markets.

As with any high-impact objectives, strategic partnerships and collaborative efforts with various stakeholders played a key role in the success of these initiatives. The National Strategy for Financial Inclusion, guided by the interagency Financial Inclusion Steering Committee (FISC) chaired by BSP, continues to serve as the primary platform for multi-stakeholder coordination and collaboration. The FISC identified digitalization and agricultural value chain finance, an innovative financing approach to support the agriculture sector, as priority focal areas.

Financial Stability

The BSP, through the Office of Systemic Risk Management (OSRM), implemented policies in pursuit of a stable financial system and to mitigate the build-up of systemic risks. It crafted the policy framework on the Countercyclical Capital Buffer, which aimed to provide a steadying hand in countering the common occurrence of boom-and-bust periods within the financial cycle.

The BSP OSRM also issued the first Financial Stability Report in 2018. The report presented cross-cutting risks in an integrated manner with market players as the primary audience. This aimed to guide businesses in their decisions that may impact financial stability in the Philippines.
International Economic Cooperation

The BSP continued to strengthen monetary cooperation and financial integration in the international, regional and bilateral fronts in 2018.

To reap the benefits of collaborative engagement, BSP remained an active participant in various regional and international cooperation programs, forums, conferences, workshops and technical meetings. Important initiatives were implemented and progress on critical agreements were advanced in the areas of regional economic integration, financial arrangement, economic surveillance, policy dialogue, and capacity building.

Among the highlights of the year was BSP’s hosting and chairship of the 23rd Executives’ Meeting of East Asia-Pacific (EMEAP) Central Bank Governors and 7th Informal Meeting of EMEAP Governors and Heads of Supervisory Authorities on Aug. 3 to 5, 2018. Both meetings set the stage for governors and heads of monetary authorities to discuss issues of mutual interest, such as developments in financial technology, credit and financial cycle identification and their impact to central banking, and globalization and its monetary implications on EMEAP central banks.
Investor Relations

In 2018, the economic communications campaign of the Investor Relations Office focused on a targeted and message-driven program to spread continued positive economic developments in the Philippines to a wider international investor audience. The campaign aimed to address possible concerns among the investing community arising from the continued negative coverage of the country in the international media.

Economic communication initiatives focused on economic briefings in key financial markets abroad and key regional centers in the Philippines; interviews with international media; face-to-face meetings with investors and credit rating analysts and officials; and an intensified social media campaign.

Strengthening Governance

Efforts to sustain BSP’s commitment toward good governance was continually pursued by communicating the results of the governance assessment in various formats. These include briefings for BSP departments and offices on the Systemwide Governance Assessment results, and reporting of the status of governance roadmap implementation to BSP management.

The BSP governance journey, which was started in 2009, has set management and staff in pursuit of the highest level of integration of governance principles and ensured that good governance remained an integral part of the BSP way of life.
This report is based on materials from the 2018 BSP Annual Report.

Downloadable copies are available through the BSP website www.bsp.gov.ph.